The NATIONAL UNDERWRITER

Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

The National Weekly Newspaper of Fire and Casualty Insurance

30¢ a copy
$7.50 a year

November 11, 1960
64th Year, No. 46

Auto Cancellations Studied

Few Complaints Of Auto Cancellation, Most Unjustified

NEW YORK—One subject discussed at length during the hearing here of the joint legislative committee on insurance rates and regulation, which is looking into the automobile policy cancellation problem, was the claims on file with the committee. As H. Clay Johnson, executive vice-president Royal-Globe and chairman of the compulsory committee of Assn. of Casualty & Surety Companies pointed out, "we were impressed with the fact that they (the complaints) numbered some 700 to 750."

Considering that in 1959 New York had approximately 4.5 million passenger cars registered, the number of complaints seems almost infinitesimal, Mr. Johnson said.

Roy C. McCullough, assistant general counsel of Lumbermens Mutual Casualty, representing American Mutual Insurance Alliance, and Charles W. Leftwich, vice-president of Nationwide Mutual, president of National Assn. of Independent Insurers, spoke to the same effect.

Of the 55 complaints filed with the committee and furnished his group for checking, Mr. Johnson said, 23 were returned to the committee because the company was not identified and the complaint could not be investigated, or because the complaints related to matters not involved in the committee' s inquiry. Of the 14 that involved

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NAII Panel Studies Causes Of Cancellations, Remedies For Problem

Auto insurance cancellations, and more specifically the conditions which produce a situation in which cancellations become a problem, were treated in a thorough manner by a forum at the annual meeting of National Assn. of Independent Insurers last week in St. Louis.

P. N. Snodgrass, president General Casualty of Madison, was the moderator, and talks were given by Norman Reuter, secretary Emmco; Fenton A. S. Gentry, president Southern Fire & Casualty, and Robert Rennie, vice-president Nationwide Mutual. Their

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Feeble Sponsorship For Non-Admitted Insurers Law

Nobody Speaks Up For Model Bill At NAIC Hearing In St. Louis

By JOHN BURRIDGE

ST. LOUIS—The unauthorized insurance committee of National Assn. of Insurance Commissioners has as its current raison d'etre the study of a proposed uniform non-admitted insurers act. This weighty (46 page) document was submitted to the committee at San Francisco last June, practically out of a clear sky. Its more or less surprise introduction and its immensity were causes enough for it to be set aside for study.

The new chairman of the committee, Cyrus Magnusson of Minnesota, successor to Jensen of North Dakota, feeling that the effort of the authors deserved a better fate, asked for comment and called a meeting of his committee here last week to let those interested have their say. There resulted an overwhelming display of reasoned opposition, with not even a single word of polite encouragement for the proponents—none of whom was present, or at least not present for the record.

No decision was made by the committee on this occasion. Another meeting will be held in New York the week of Nov. 28, and Mr. Magnusson, already inundated with statements, is asking for more. Presumably a report will be made to NAIC at its December meeting.

Doubly Significant

Two things made the St. Louis committee hearing interesting and significant beyond the ordinary. One was the always colorful presentation of the inimitable Moses G. Hubbard of International Federation of Commercial Travelers Insurance Organizations. When Mr. Hubbard gets through offering his views of a subject the listener feels he has heard every conceivable side of it—although of course he has heard only the side Mr. Hubbard is advocating. But he has heard that side up and down the field.

Much more of moment to insurance people, however, was the remarkable show put on by a group of insurance buyers, organized just a week before the committee meeting under the title

(CONTINUED ON PAGE 29)

Says Compulsory In N. C. Has Been Flop

North Carolina has tried compulsory auto insurance for three years and it has appeared successful to the casual observer, but not to the student or to the discerning citizen, according to William E. Webb Jr., Statesville, past president and now state national director of North Carolina Assn. of Insurance Agents. He analyzed the subject of compulsory in depth at the annual meeting of Insurors of Tennessee at Nashville.

The claim is made that under compulsory there is monetary compensation for all involved in motor vehicle accidents. This contention has not been met by compulsory, Mr. Webb declared. In 1959 there were 2,640 convictions in North Carolina courts for no liability insurance. The state highway patrol reported it was unable to locate 16,000 motorists whose insurance had been cancelled. North Carolina citizens have no protection for damages caused by hit-and-run drivers, stolen cars, cars operated without permission, unregistered cars and out-of-state uninsured motorists.

The doctrine of contributory negligence when impartially administered is a bar to recovery in many cases. Individuals cause their own injuries in

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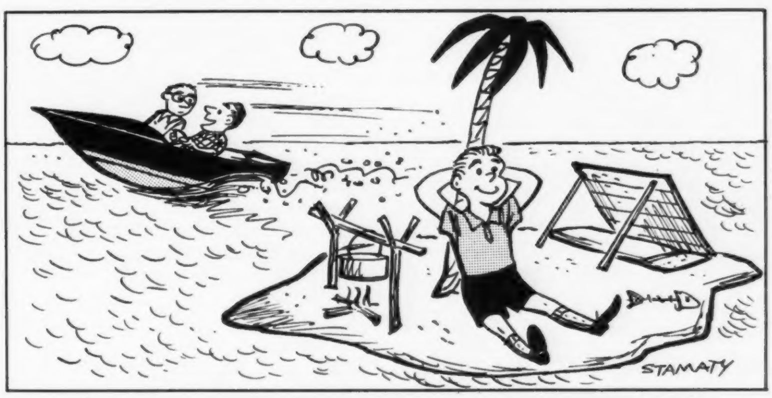

"NOW THERE'S AN IDEAL IIC RISK."

Agenda Announced For NAIC Winter Meeting In New York

The complete agenda has been prepared for the 1960 regular meeting of National Assn. of Insurance Commissioners at New York Nov. 28-Dec. 2. Thirty-three sessions are scheduled of subcommittees and committees, plus three plenary sessions at which President Sam Beery of Colorado will preside. The headquarters hotel is the Commodore.

Meetings of interest to the fire and casualty insurance people are listed below by time, committee chairman and agenda, if one exists.

Monday, November 28

9-10 a.m: Examinations manual revision subcommittee, Gerber of Illinois—Qualifications of examiners; inclusion of reinsurance subcommittee report of 5/7/60; inclusion of uniform accounting instructions.

9-10: Organization, ownership and certification of insurance companies subcommittee, Rinehart of Alabama.

9-10: Reimbursement formula for hospitals and service associations subcommittee, Sears of Maryland.

10-11: Credit life and credit A&H model bill subcommittee, Gerger of Illinois—Report on amendments to model bill.

10-11: Future meeting sites subcommittee, Davis of Mississippi.

10-11: Valuation of securities subcommittee, Howell of New Jersey—Valuation procedures and instructions for year ending 12?31?60.

11-12: Regulation of advertising subcommittee, Davis of Mississippi.

11-12: Standardization of Blue Cross-Blue Shield regulations subcommittee, Thacher of New York—Report of various studies.

11-12: Workmen's compensation small policy economies subcommittee, Thacher by Frank Harwayne, of NewYork—Explore use of present values on workmen's compensation losses.

1:30-2:30 p.m: Advisability of nominating committee subcommittee, Hammel of Nevada—Recommended change in constitution and by-laws.

1:30-2:30: Review of fire and casualty rating laws and regulations subcommittee, Gerber of Illinois.

2:30-3:30: Rentals paid at terminals by insurance companies subcommittee, Holmes of Montana.

3:30-4:30: Subcommittee on review and study of state insurance laws, Pearson of West Virginia.

3:30-4:30: Safe driver or merit rating plans and insure driver plans subcommittee, Hulbert of Utah.

Tuesday, November 29

9-10:15 a.m.: Definition and interpretation of underwriting powers committee, Davis of Mississippi—Classification of fire, marine and casualty insurance industry report; interpretation of nationwide marine definition industry report.

9-10:15: Examinations committee, Sullivan of Washington—Examinations manual revision subcommittee report; uniform examination program for employe welfare funds subcommittee report; proposed amendment to NAIC by-laws.

9-10:15: Insurance on installment sales and loans committee, Larson of Florida—Insurance

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Illinois Agents' Report Begins On Page 16

Plan Republic Of Dallas Stock Split And Dividend

Directors of Republic of Dallas are recommending to stockholders a 100% split and the payment of a 6.6% stock dividend.

Republic now has 450,000 shares of $10 par stock outstanding. The plan would reduce the par to $5 and double the number of shares to 900,000. A stock dividend of 60,000 shares would be paid on the $5 stock to produce a total of 960,000 shares of $5 par.

Stockholders will vote on the proposal Feb. 8.

The directors have declared a 1% dividend ($1) on the 4% preferred stock payable Dec. 28 to stock of record Dec. 15. On the common stock, a 4% dividend (40 cents) is payable Nov. 25 to stock of record Nov. 10.

Ohio Blue Cross In Court To Obtain Rate Increase

Hospital Care Corp., the Blue Cross plan for 15 southwestern Ohio counties, has appealed to Franklin County common pleas court to obtain a 28% rate increase. Judge Holden is considering the appeal. The court granted a 19.5% hike in September, after Ohio Superintendent Stowell said he would not agree to the 28% request.

Top Executives Cite Commitment To Agency System; Nail False Issues

Four vice-presidents of Hartford companies assured agents at the annual meeting there of Connecticut Assn. of Insurance Agents that stock agency companies will adhere to the agency system because it would be impossible to abandon it. Lyttleton M. Baldwin, Travelers, Guy E. Mann, Aetna Casualty, Edward J. Martin, Phoenix of Hartford, and Arthur S. Kuenkler, Security-Connecticut, took a hard look at the future of the agency system and gave the producers their unequivocal opinions.

Mr. Baldwin established the framework of the discussion by pointing out that the agency system is not comprised of agents alone. It is a close contractual, economic and servicing amalgamation of company and agent.

He said the foundation of the agency system is the agent's ownership of renewals. This fundamental and contractual right in a broad sense, marks the difference between "our system" and that of the direct writer, and it puts the agent and the company squarely on their mettle. The agent has no market without the loyalty and confidence of his company; the company writes no business without the loyalty and confidence of its agents. In both cases quality of performance, integrity, and regard for the public interest dictates whether the partnership will prosper. A company has business only because agents place it there. It will remain with the company only as long as the agents dictate. They are priviliged to place it elsewhere whenever and for whatever reason they choose.

Companies Committed

Regardless of future developments, no stock-agency company would dare, or desire for that matter, through continuous policies, direct billing, or any other device, to attempt to place the contractual ownership of the agent's business in jeopardy.

This entire subject has all the aspects of a red herring, and while other problems go unanswered it is foolish to waste time with the question of ownership of the business. It is the agent's, it should be and will remain his.

Aside from the demonstrated fact that the public prefers to buy from an independent agent, there are other reasons why no stock agency company could jettison the agency system. Mr. Baldwin declared.

It has taken many years for companies to accumulate business developed through and by agents. Companies have enormous funds invested in physical

(CONTINUED ON PAGE 36)

Sneden President Of N. Y. City Surety Unit

Surety Underwriters Assn. of the City of New York at its annual meeting elected George K. Sneden, Springfield F.&M., president. He succeeds Thomas T. Carmick, Fireman's Fund.

Audley A. Davis, Maryland Casualty, was elected vice-president to succeed Mr. Sneden, and Francis W. Pick, Springfield F.&M., was elected secretary-treasurer.

Named to the executive committee were Michael A. Verdrose, Great American; Harry D. Schmedes, American Surety; S. Capotosto, Hartford Accident; James F. Joyce, Phoenix of London grou; and Mr. Sneden, Mr. Davis and Mr. Carmick.

General Insurance Terminology Committee Sets First Meeting

Complete membership of the committee on general insurance terminology has been announced by Ralph H. Blanchard, chairman. The committee is one of several under the commission on insurance terminology of American Assn. of University Teachers of Insurance, which is working on standardization of insurance terminology.

Members of the committee, which will hold its first meeting on Nov. 18 in New York City, are Edison L. Bowers, Ohio State; Clayton G. Hale, Cleveland agent; Albert I. Hermalin, Institute of Life Insurance; C. Wright Hoffman, University of Pennsylvania; Daniel P. Kedzie, American College; Donald L. MacDonald, University of Michigan; Charles H. Martin, American Cyanamid; Milton W. Mays, America Fore Loyalty; James C. O'Connor, National Underwriter Co. Barclay Shaw, National Assn. of Insurance Brokers; William H. Wandel, Nationwide Mutual; C. Arthur Williams Jr., University of Minnesota and William N. Woodland, Mutual Fire Assn. of New England.

Ex-officio members of the committee are William T. Beadles, Illinois Wesleyan, editor Journal of Insurance; and Davis W. Gregg, president American College, chairman commission on terminology.

Twin City Casualty Assn. To Meet

Members of Twin City Casualty Insurance Underwriters Assn. will discuss contractual liability and owners' and contractors' protection at the Nov. 15 meeting at Minneapolis. Irving Nichols, Employers Mutual of Wausau, and Victor Yambor, Northern States agency, will lead the discussion.

Riley Is President Of Sw Information Service

J. Michael Riley, president of Transport Ins. Co., was elected president of Southwestern Insurance Information Service at the annual meeting at Dallas.

Other new officers are Ben Voth, Standard of Tulsa, 1st vice-president; Richard Skinner, Indiana Lumbermen's, 2nd vice-president; Peter Mims, Allstate, 3rd vice-presidnet; and John Goolsby, Republic of Dallas, secretary-treasurer.

New directors are William Biggs, Southwestern; Sumner Roberts, State Farm; Howard Howell, Oklahoma Farm Bureau Mutual; Karl Vasen, Houston F.&C.; Earl W. Gammage, Pan-American group; Kenneth Noteware, Hardware Mutual Casualty; J. D. Daniels, Gulf; and Mr. Voth.

HIA Speaker Sees Increase In Length Of Hospital Stay

The average length of hospital stays will increase rapidly, Dr. Clement G. Martin, medical director of Continental Casualty, predicted at the individual forum of Health Insurance Assn. at Chicago. In a talk entitled "Medical Developments Affecting Morbidity," he said the average length of hospital stay declined from 9.1 days in 1948 to 1.76 days in 1958; however, "we have seen the bottom of admissions caused by infections responsive to the 'wonder' anti-microbial drugs."

Sees New Discoveries

Looking to the future, Dr. Martin declared: "New discoveries of medical science will give hospital care and curative hope to diseases which are now undiagnosed, unnamed and untreatable. These facts alone will cause the length of hospital stay to increase in the next 12 years as rapidly as they have decreased in the past 12."

He said an entirely new method of cancer treatment—chemotherapy—is becoming available, and reported that "over a quarter of a million chemicals have been and are being checked for their use against cancer."

"One particular cancer" has already been discovered to be completely curable by a specific drug, he said, adding that "other cancers will also be cured with a variety of chemical agents."

Pneumonia is far less a cause of morbidity than it was in the past. He said that in many pneumonia cases hospitalization is not a "necessary part" of treatment.

Disability Will Decrease

Dr. Martin said that disability will decrease both in terms of time and degree. "I feel," he stated, "that disability will decrease as much in the next 50 years as mortality decreased in the past 60 years."

He reported that another fact that must be reckoned with "in our business future (is) the birth rate in the United States is on the decline as is the marriage rate."

From this he concluded that "the composition of our population will be higher in those in the earning years and less in the younger age groups than previous predictions told us. This will not make our job more or less difficult but it will require that we keep continually current and alert to population changes, need changes, and medical care changes."

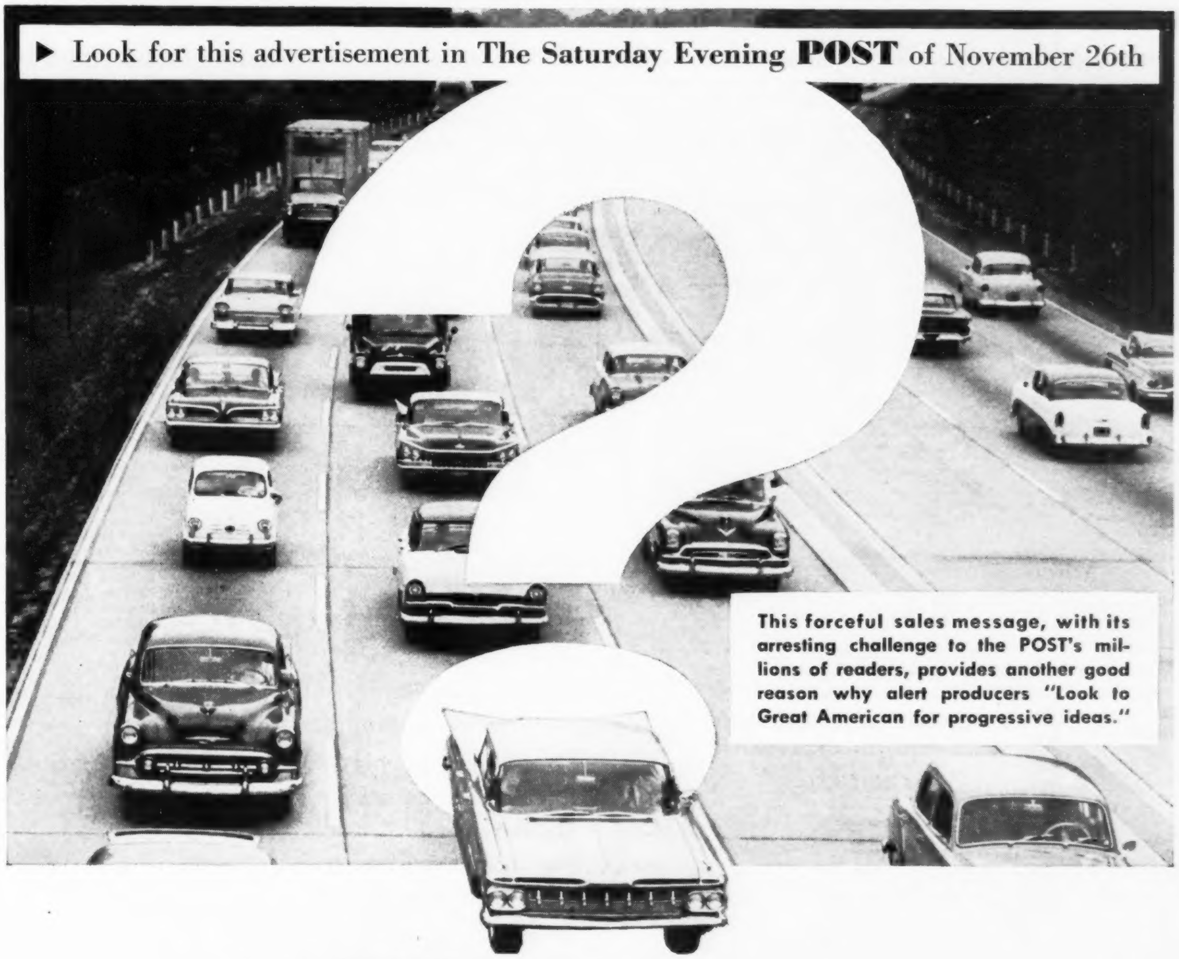
State Farm F.&C. To Enter Casualty Field

State Farm Fire & Casualty has entered the casualty field with an owners, landlords and tenants policy which has been approved in 45 states and will be on the market in more than half of them by the end of the year. In most states the State Farm F.&C. OL&T policy will be priced 10% below bureau rates.

Mountain States Field Units Discuss Merger

Mountain States Capital Stock Insurance Assn., Mountain States Casualty & Surety Assn. and Rocky Mountain Surety Assn. held a joint meeting to discuss the possibility of merging into one multiple line organization.

Walter G. Dithmer, midwest regional director of Insurance Information Institute, outlined the functions of III.



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With Two Stenos, One Typewriter, And 1921 Adding Machine, S. C. Department Asks Funds

Commissioner William F. Austin has asked the South Carolina budget and control board for $615,000 to run the insurance department for the fiscal period ending in 1962. Of this, $143,000 would be used this year. Mr. Austin said that at the present rate the department funds would be exhausted by February and the division would have to close until July.

He told the board that "it takes money to repair a house that has been allowed to run down for 20 years." When he took over July 1, he said, he found only one person in the department knew anything about the $26 million the department keeps on deposit for 850 insurers doing business in the state. The one person handling the securities, 68% of which were negotiable, was bonded for $2,000.

There are five companies operating in receivership in the state, he reported. The last one to get into difficulties had $16,000 worth of securities on deposit and needed $20,000 to meet its obligations.

The department needs more staff and new equipment, Mr. Austin said. Presently it has two secretaries who share a single typewriter. The department has one adding machine, which it bought in 1921. Its mimeograph equipment was put in eight years ago after another unit of the state department discarded it as obsolete.

With five examiners and one actuary, the department needs five more examiners and one more actuary, he told the board. Presently, he said, there is not enough manpower to check the approximately 3,000 types of policies it is required to pass on each week.

Bid Prices Of 175 Insurance Stocks At Six-Month Intervals

The following table comprises the bid prices (where available) at Nov. 3, 1960, along with the same figures at Dec 31, 1959 and June 30, 1960, for about 175 insurance companies. The figures were assembled by Levering Cartwright, president of Cartwright, Valleau & Co., Board of Trade Building, Chicago, specialists in insurance stocks.

This list appears about three times a year in THE NATIONAL UNDERWRITER and supplements another and smaller list, which hereafter will appear each month.

Company	12-31-59	6-30-60	11-3-60
Academy Life, Colo.	3	2⅝	2¼
All States Life	4⅝	3½	3
Am. Bankers Ins.	17	18½	18¼
Am. Bankers Life	14	14¾	13
Am. Fidelity Life	13¾	10⅛	7¾
Am. Druggists, Ohio	69	69	71
Am. Fidelity & Cas.	13½	11	10½
Am. Empire Life	2	1¾	1½
Am. Fire & Cas.	18¾	19	17
Am. Founders Life, Colo.	⅛	1¼	¾
Am. Heritage Life	10	8⅜	7⅞
Am. Home Assur.	40	43	40
Am. Income Life, Ind.	17	11	9
Am. Indemnity	20	23	22½
Am. Indep. Reins.	3	2½	2¼
Am. Life & Cas., N. D.	8½	9	9
Am. Life, Ala.	7	7	6¼
Am. Mercury	2⅝	3	2¼
Am. Service Life	4½	3¼	2⅜
Am. Surety	19	14¼	13¾
Appalachian Natl. Life.	2⅞	3	3
Associates Life	4½	4¼	4¼
Atlas Life	75	57	50
Bankers Natl Life	19	20⅝	19½
Blue Ridge Fire	4*	4*	4*
Capital Fire & Cas.	......	......	1
Central Standard Life	18	18½	17
Capital Natl. Life.	......	......	1
Citizens Cas.	8¼	8⅜	8¾
Citadel Life	......	20	21½*
Cherokee Ins.	19	15¾	16
Citizens Std. Life, Tex.	6¼	1¾	1¼
Citizens Life	10¾	9⅜	11
Citizens Natl. Life, Ind.	3	3	3¼
Coastal States Life	24	19	15¾
Colum. Gen. Life, Tex.	1⅛	½	½
College Life	58	52	52
Colo. Credit Life	7½	3½	⅞
Consol. Am. Life	5½	4¼	3½
Constellation Life	3¼	2⅝	1⅞
Consumers Natl. Life	3½	3*	2½
Continental Life, Tex.	4¼	3¾	4¼
Cont. Am. Life, Tex.	1¼	1¼	1¼
Cont. Am. Life, Del.	65	63	63
Cornbelt Ins.	2¾	3⅜	3
Cornbelt Life	4	3¾	5
Crown Life, Canada	167	195	212
Eagle Fire, N. J.	3⅛	3	2⅞
Eastern Life	32	23	30½
Employers Cas.	......	29½	37
Federal Life & Cas.	84	79	68
First Fidelity, Okla.	2½	1¾	1⅞
Fidelity Bankers Life	7¼	6¼	6
Fidelity Union Life	182	180	181½
First United Life	5¼	4	4½
First Am. Life, Tex.	1	1	½
Germantown Fire	130	125	120
Great Atlantic Life	2½	2¾	2¼
Georgia Intl. Life	5½	4⅞	4⅜
Great Fidelity Life	3½	2	1¾
Gibraltar Life	9	10	8½
Great Western Life	1⅛	1	⅜
Great Plains Life	4	4	3⅜
Guaranty Savings Life	12	8¼	8½
Gulf Ins.	40	37	35
Hamilton Natl. Life	6	5½	5½
Home Owners Life	8½	7¼	5
Ill.-Mid Cont. Life	8½	7¼	4
Imperial Life	74	80	80
Ins. Corp. of Am.	3¼	2¾	1¼
Inter-Ocean Ins.	50	48	48
Inter-Ocean Reins.	43	50	55
Interstate Life & Acc.	10⅝	9	7¾
Jeff. Natl. Life	18	18	18
Kennesaw Life & Acc.	2¼	2	1½
Ky. Central L. & A.	11½	13	10½
Liberty, Tex.	8¾	8	4½
Liberty Life, S. C.	20	17	15
Life Assurance, Pa.	14	18½	18
Life Inv. of Iowa	......	2⅞	2¾
Lincoln Am. L., Tenn.	......	2½	2½
Lincoln Liberty Life	......	......	8¾
Loyal Am. Life	6¼	3½	2¾
Loyal Protective	60	52	46½
Maine Fidelity Life	7	4½	4¼
Manhattan Life	415	560	560
Maryland Natl. Ins.	14¼	15	15
Mobilife	......	4	3
Maryland Life	61	57	62
Midland Life	......	......	800
Mutual Savings Life	7¾	7½	6⅞
Natl. Am. Life, La.	3¼	3¼	3¼
Natl. Bankers Life	57	45	59
Natl. West. Life, Colo.	......	6½	6¾
Natl. Fidelity Life	17¾	17½	15
Natl. Life, Ari.	......	......	1
Natl. Union Life	4⅜	4	3

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Considerable Disagreement As To The Values Of Deductibles

NEW YORK—An underwriter and a loss man disagreed considerably as to the values in the use of small property deductibles, at a panel discussion of the subject during the technical conference here sponsored by Federation of Mutual Fire Insurance Companies, Mutual Insurance Advisory Assn., Mutual Insurance Rating Bureau, and Transportation Insurance Rating Bureau.

Studies by Liberty Mutual show that small deductibles are not worth much in fire insurance but are of value in controlling the type and amount of loss, loss adjustment expense and service in the case of EC, and are useful in controlling losses and thus maintaining a realistic price for certain coverages such as all risk or broad forms. These findings were reported by E. L. Ripley, assistant secretary in the commercial risks department of Liberty Mutual.

Public Dislikes Them

There is, on the other hand, a strong public dislike of deductibles, especially in the dwelling field, and this impels insured substantially to defeat the purpose of the deductibles, D. T. Hawkins, secretary-manager of Mutual Loss Research Bureau, said in his discussion of the topic.

Also, Mr. Hawkins stated, the cost of determining that no claim exists is so high as to reduce considerably any deductible saving. He expressed very great doubt that the deductible encourages loss prevention by insured in the dwelling field.

W. H. Rodda, secretary of TIRB, and E. J. O'Brien, assistant general counsel of Lumbermens Mutual Casualty, took up other aspects of the subject.

Following the 1954 hurricanes of Carol, Edna, and Hazel, Liberty Mutual made a study of its EC losses on dwellings, Mr. Ripley said. The company paid a total of 21,000 EC claims that year. It paid 15,000 as a result of the three hurricanes. Of the latter number, 9,000 were in Massachusetts.

Full Cover Policies

At the time, he said, more than half its dwelling losses came under full coverage policies. About 97% of the full cover losses in 1954 were on "inland" properties; that is, those more than 50 miles from the seacoast.

The study showed that if all EC had been on a full cover basis, the company would have had 2.5 times as many losses as it paid. The figures showed that 70.5% of all full cover losses were less than $50 and that 19.2% of all losses under the deductible were less than $50. Also, there were a large number of closed-without-payment claims, so that the effect of the $50 deductible substantially reduced the number of losses to be handled.

It is significant, Mr. Ripley stated, that no large reduction in the number of losses would result from increasing the deductible to $100. It would have to be raised to more than $150 to produce the same contrast as introduction of the $50 deductible produces in comparison with full coverage.

Breaking down the 1954 EC losses into three areas—(1) all, (2) those produced by the three hurricanes, and (3) the losses from the three hurricanes in Massachusetts—the savings by means of any size deductible, compared with full cover, were almost identical in all three groups of figures. Those savings, on a projected basis, were 38.5% with a $50 deductible; 58.9% with $100; 65.4% with $150; 71.6% with $200; and 78% with $250.

EC And Fire Differ

Certain expenses may not be directly proportional to the premium, Mr. Ripley pointed out. Also, the same breakdown on expense used for EC would not be proper for fire.

His company has been making for 10 years a study of fire claims. There has been no significant change in the figures during that time. The 65,000 fire claims surveyed consist of 16,500 dwellings, 37,000 household contents, 5,000 mercantiles, 1,000 manufacturing, and 6,000 all other. These are fire claims only.

In the dwelling class, if the deductible had been $1,000, the losses would have been reduced 30%. That is a very substantial deductible for dwellings, he observed. It is doubtful if many owners would want such a policy. Few mortgagees would permit owners to carry coverage with a deductible of that size.

But with 70% of losses in dollars still being paid by the insurer, a premium credit of only about 15% would be justified by the $1,000 deductible. The saving would be primarily loss dollars since policy expenses for insurance, sale, and the like, would still apply.

Numerically, only 6.7% of the claims would have remained in this group of losses under the $1,000 deductible.

The saving to insured would be relatively small. A $20,000 fire policy in a large Massachusetts municipality, covering a frame dwelling, costs for one year $32.20. The saving would be $4.83—"not very attractive." For a $500 deductible the saving would be $3.64 and a $100 deductible about $1.03.

Mercantile Figures

On mercantile building and contents the average loss is much greater. Consequently, the smaller deductibles are not worth much as a rate credit. At $1,000, for example, only 5.8% of the loss dollar would be available as a credit for the policyholder. At $2,500, the credit would be 10.4%, at $5,000 17.6%, and at $10,000 28.1%. Losses of more than $10,000, which constitute 71.9% of the loss dollar, represent in number only 5.9% of the claims.

In manufacturing, Mr. Ripley said, the $1,000 would produce a 7.2% credit, $2,500 15.3%, $5,000 21.4%, and $10,000 36.4%. Losses of more than $10,000 account for 63.6% of loss payments and represent only 4% of the total number of claims. Mercantile and manufacturing losses tend to parallel each other in the percentages. He also noted that the amount of credit might be half of the saving in loss dollar since the other expenses, as in the case of dwellings, would apply. Thus fire insurance affords protection primarily against large losses.

Perhaps the small fire loss in the dwelling class is costing as much to handle as to pay. For dwelling buildings 23.2% of all losses are under $25 and comprise only 0.8% of the loss dollar in this class. For household goods 43% of all losses are under $25 and represent 5.7% of the loss dollar for the class.

Computing Not Simple

Mr. Ripley pointed out that the credit that should apply cannot be computed quite as simply as indicated. The value of a deductible to the insurer varies with the line and other factors. In fire, a deductible of $10,000 on a building worth $25,000 is worth a great deal more than a $10,000 deductible on a $500,000 property. The larger the deductible in relation to the value of the property, the greater the loss dollar saving.

The function of the wind deductible is not so much to save the company dollars, though this is important, as it is to eliminate many claims that otherwise would have to be processed. The deductible also tends to make insured more careful and to maintain the property so as to prevent losses.

Deductibles have a real advantage in lines where losses are relatively frequent, such as motor truck cargo, Mr. Ripley observed. Here the deductibles make insured more careful with the property in his care and enable the insurer to write coverage against the crippling large loss for a reasonable premium.

In all risk policies, the small deductible avoids the premium burden of many ridiculous claims and, again enables insurer to write the coverage against the crippling loss.

Unless the deductible eliminates a relatively large number of losses, he said, it cannot effectively reduce the

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Fenton A. S. Gentry, Southern Fire & Casualty, new president of National Assn. of Independent Insurers, photographed at the NAII annual meeting last week in St. Louis with Vestal Lemmon, NAII general manager, and Sen. Estes Kefauver of Tennessee, who spoke at the meeting on his views of insurance competition.

Convention pictures on pages 24 and 25.

NAII Annual Offers Members A Steady Series Of Talks, Panels, Comment For 3½ Days

The members of National Assn. of Independent Insurers put in three and a half days of steady absorption of ideas at their annual meeting in St. Louis last week. For many the meeting lasted a day longer, because Monday was spent in committee meetings. So the conscientious company representatives, and there were a great many of them, had reason to be exhausted, if not dazed, by the time they left the final session.

Auto insurance was the dominant subject. Insurance regulation came in for some treatment. Two long panel discussions were devoted to auto—one on accident compensation systems and the other on cancellations. The main outside speaker was Sen. Estes Kefau-

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Insurer Stock Bid Prices Are Listed

The bid prices for stocks of a representative list of insurance companies at Oct. 31, together with comparable prices at June 30 and Dec. 31, 1959, are given in the table herewith as prepared by Levering Cartwright of Cartwright, Valleau & Co., specialists in insurance stocks, Board of Trade Building, Chicago.

Adjustments were made in the earlier bids to take account of stock dividends and splits.

Company	12-31-59	6-30-60	10-31-60
Aetna Cas.	80⅝	78	87
Aetna Fire	76	79	86
Aetna Life	85½	80½	80½
Agricultural	28	31	29¾
All-Am. L.&C.	10	8¾	7⅜
Am. Equitable	40½	36	42
Am. General	33½	34½	31
Am. Home	40	43	40
American	26¼	26	26¼
Am. Motorists	14¾	13¾	15
Am. National	8⅝	7⅞	7⅝
Am. Reinsurance	42½	43	39
Am. States	29¾	30½	28
Bankers & Shippers	57	55	55
Beneficial Std. Life	15⅜	14	13½
Boston	33	33⅝	31½
B. M. A.	40	41½	39
Cal.-West. States	56½	50	45½
Camden	34	33¼	32¼
Combined	33	34	32½
Commonwealth	21¼	18¼	18⅞
Conn. General	354	345	388
Cont. Assur.	155	141	165
Cont. Cas.	72	72	76
Continental	54½	52¼	47½
Crum & Forster	68	64	69
Empl. Grp. Assocs.	36	40	37
Employers Reins.	53	51	59
Farm. New World	110	105	105
Farmers Unds.	35	35	40
Federal	59	56½	60
Fidelity & Deposit	50	46½	48
Fireman's Fund	51¼	56	47
Franklin Life	77	67	64
General Amer. Corp.	170	146	131
General Reins.	91	99	110
Glens Falls	34	35⅝	32¾

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New Mexico Agents Elect Dickinson

ALBUQUERQUE—Conservatives and "middle of the roaders" will see a rash of liberal legislation in the next session of congress regardless of which candidate is elected, Maurice G. Herndon, federal liaison representative for NAIA, told the 26th annual convention of New Mexico Insurors here.

Herbert C. Dickinson, Farmington, was elected president succeeding Dwight Ohlinger, Alamogardo, who reverts to board member. Robert Beckett, Deming, was named vice-president, and Peter McCanna, Albuquerque, secretary-treasurer. Other officers are Thomas E. Speer, Albuquerque, executive secretary, and Paul Rubincam, Albuquerque, state national director.

Among the other features of the three-day meeting were two panels, a plea from the New Mexico department for more operating money, a strong president's message, and a plug for automation from a company president.

Mr. Herndon stressed that the insurance industry's problems with the federal government are at an all time high. These are not associated with any one political party, but are the result of changing times, the expanding American economy, and the concept of increasing governmental intervention with the everyday affairs of American business and the average citizen.

It seems probable that congress and the Treasury Department will look with favor upon a program of equal taxation for capital stock and mutual casualty and fire companies with a

(CONTINUED ON PAGE 47)

Debate Sparks Insurance Issues Even Though It Doesn't Solve Them

WASHINGTON—The panel on "degrees of difference on insurance issues" which was one of the features of the annual convention program here of National Assn. of Mutual Insurance Agents, was a sparkling, witty and informative success. Under the deft and humorous moderation of Chase M. Smith, senior vice-president and general counsel of Lumbermens Mutual Casualty, the participants quickly examined and commented on a number of the important problems that are troubling those in the business today.

The entire insurance area was well represented by the panelists. They were Edwin S. Overman, assistant dean of American Institute; Arthur G. Levy, New Orleans agent; Bruce S. Stake of St. Louis, fire insurance manager of Michigan Mutual Liability; Harry C. Foster, research underwriter of Utica Mutual; Robb B. Kelley, vice-president of Employers Mutual Casualty, and Milford L. Landis, counsel of Central Mutual. They spoke on the pro or contra side of each of the eight propositions, and shifted their seats on the dais from the pro to contra side, or vice versa, as the issues were presented, in order to keep the audience from becoming confused as to where they sat on an issue.

Auto Competition

1. The retention of the auto market by private insurers as contrasted with state funds is to a measurable degree dependent on free competition on rates, forms, and rating programs. Consequently, such competitive devices as merit rating, non-cancellable policies, and economy plans should be given a free hand.

Free competition has produced innovations, Dr. Overman commented. One of them is merit rating. It is a competitive device and must be allowed. He said he would not try to defend it as it is presently constituted because there is too little experience under it to provide actuarial verity.

Ways must be found, he believes, to determine more equitable rating for the 25 as against the 24 year olds. Merit rating is one effort to get done a job long overdue. One company, he said, has found that drivers over 65 are producing a better experience than drivers 25-65.

Mr. Stake said that so-called competitive freedom will generate chaotic conditions which historically have cropped up in various fields of the business. In A&S, for example, uncontrolled freedom in the creation of coverages has resulted in a condition which "still casts a stigma upon the entire industry."

Regulation Essential

Regulation is essential to uniformly sound underwriting, he declared. To scuttle rating and underwriting principles for the sake of meeting compe-

(CONTINUED ON PAGE 33)

N. J. Agents, Bureau In Homeowners PR Program

New Jersey Assn. of Insurance Agents and New Jersey Fire Insurance Rating Organization cooperated in a public relations program to introduce in the state the newly adopted 1959 homeowners.

Meetings open to all holders of homeowners manuals and their clerical personnel were held at Newark, with 2,000 attending, and at Camden and Atlantic City, with more than 400 at each of the latter two meetings.

At the meetings a panel of experts explained the new program. Participating were Elmer Jones, homeowners unit supervisor of Home, Frank Rudden and Andrew Lyon, administrative supervisor and research director, respectively, of the rating organization. The three regional meetings are being supplemented by local gatherings under county association auspices.

S. Gage Lewis, general manager of the rating organization, said the program would reduce clerical overhead for insurers and producers. Half of the policies forwarded for auditing in the first 10 days after the 1959 homeowners became effective in the state had to be returned because of violations, he noted. The educational program should reduce the violations to a negligible percentage in Mr. Lewis' view.

Irving Relinquishes Active F.&C. Duties

John R. Irving, vice-president of Fidelity & Casualty, is relinquishing his active responsibilities as officer in charge of statistical operations on the advise of his physician. He will serve in a consulting capacity for the next several months. Harvey E. Abrams, vice-president, assumes the duties relinquished by Mr. Irving.

Mr. Irving joined F.&C. in the statistical department in 1931. He advanced to assistant secretary in 1944, secretary in 1951 and vice-president in 1957. He is credited with having played a principal role in organizing and streamlining the statistical operations for the group.

Royal-Globe Raises Murphy

Royal-Globe has appointed Richard T. Murphy superintendent of the bond department at Atlanta. He has been in the bond department in New York since joining the group in 1956.

Reliance has appointed M. William Jones special agent at Syracuse.

D. C. Rate Bill Will Eliminate Danger Of Concentration Of Power, Kefauver Tells NAII

Sen. Estes Kefauver of Tennessee in his address before the annual meeting of National Assn. of Independent Insurers last week in St. Louis expressed concern over the merger of regional advisory organizations in the fire business into Inter-Regional Insurance Conference. The answer to this "concentration of control," he said, lies in greater regulation of the activities of national advisory organizations, and such regulation is provided in the District of Columbia rate bill introduced by Sen. O'Mahoney of Wyoming with Sen. Kefauver as a co-sponsor.

A half-hour press conference featuring Sen. Kefauver was conducted Wednesday morning. At the Senator's side was Donald P. McHugh, counsel to the insurance study group of the subcommittee on anti-trust and monopoly that, with Sen. O'Mahoney presiding most of the time, has had the fire and casualty insurance industry jumping for a year or so.

Expects To Be Chairman

However, the insurance side of the subcommittee's work seems to hold no great attraction for Sen. Kefauver. He said he expects to be chairman of the subcommittee at the next session of Congress, but he wants to get someone on it to specialize in insurance matters. Sen. O'Mahoney is not standing for reelection. Mr. McHugh, on the other hand, will no doubt remain as counsel. He supplied most of the answers to insurance questions at the press conference, prefacing a number of his replies with "As you know, Senator, . . ."

The next hearings of the subcommittee, the Senator said, will cover the A&S business and foreign owned companies. In the A&S field, the questions will involve the adequacy of state regulation, adequacy of coverage, and something along the lines of policy benefits being proper in relation to premiums charged.

The study of foreign owned companies is not directed at Lloyd's of London especially, the Senator said. Primarily, he is interested in adequate protection of U. S. policyholders of alien companies doing business under surplus line laws. Model surplus line legislation is part of the subcommittee study, Mr. McHugh observed.

Good Law In Missouri

Sen. Kefauver commented that testimony at the subcommittee hearings indicated that Missouri has one of the best rating laws in the U. S., and features of it are incorporated in the D. C. rating bill sponsored by Sen. O'Mahoney, as well as features of the California law. The D. C. bill will be reintroduced at the next session of Congress, he said, and there will be hearings on it. These hearings may, it was implied, for a time take the place of other subcommittee hearings on either A&S or non-admitted insurers.

Asked in what area he felt state regulation might be falling short, Sen. Kefauver said it was aviation insurance. To the question of whether he views the social security system as insurance or welfare, he replied he views it as "social security."

In his prepared speech to the NAII, Sen. Kefauver said it has constantly been emphasized that the prime purpose of his subcommittee on anti-trust and monopoly in its insurance investigation has been to determine whether state regulation has properly protected the public interest in the manner Congress intended when it passed the McCarran act.

"I am in full accord with all the members of the subcommittee that state regulation of insurance is in the public interest," he declared. "While

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G. W. Oliver Retires; Six Other Changes In GAB's Pacific Dept.

General Adjustment Bureau has made a number of changes in its Pacific Coast department.

Glenn W. Oliver, manager at Cheyenne, has retired after 28 years with the organization. He joined GAB at Casper in 1933, was named manager at Pueblo, Colo., the following year, and in 1936 was named manager at Cheyenne.

Mr. Oliver will be replaced by George Carpenter who joined GAB in 1945 at Denver and has been at Cheyenne since October of that year.

Robert L. Kirby has been named manager at Elko, Nev., succeeding R. W. Mallory, who transfers to Pocatello, Ida. Mr. Kirby joined GAB in 1957 and was transferred to Elko in 1958.

In California, Robert W. Walker, Los Angeles, has been promoted to general adjuster. He entered the adjusting field in 1936 with Western Adjustment at Minneapolis and was transferred to Los Angeles in 1959. Thomas H. Null has been transferred from Bishop to Visalia, succeeding S. W. Walter, resigned. Mr. Null joined the bureau in 1956 and was transferred to Bakersfield in 1958.

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K. C. CPCUs Pick Beets

Kansas City chapter of CPCU has elected Lee Beets, Consolidated Underwriters, president, succeeding Lindsay Fisher. Other new officers are William Seitz, vice-president; George Hoenk, secretary; and Robert Franklin, treasurer.

At Chicago CPCU All-Industry Luncheon

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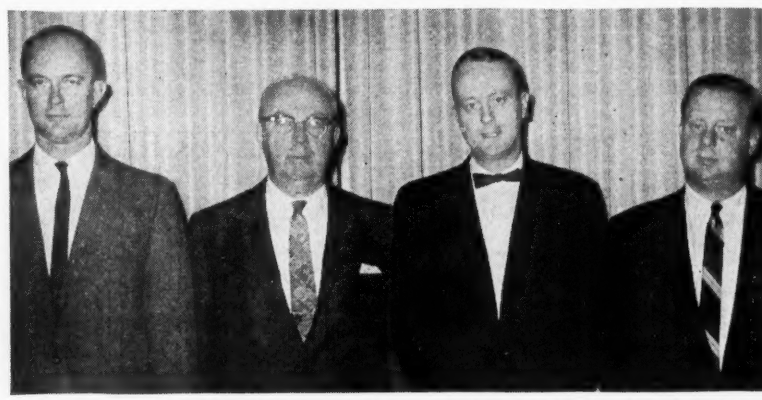
Taking active part in all-industry luncheon of Chicago CPCU chapter are, from left: Harold H. Hines Jr., Wineman Brothers, luncheon chairman; Mrs. Angela Roman, Starkweather & Shepley, arrangements chairman; James S. Kemper, chairman of Kemper companies, who presented CPCU diplomas; and Frank A. Hohenadel Jr., who presided at luncheon.



Conferment of CPCU diplomas at Chicago CPCU all-industry luncheon brings to mind three Mack brothers, who hold unique honor of being only three brothers who are both CPCUs and CLUs. Principals of Mack & Parker agency of Chicago, they are shown with their father, Edward E. Mack Sr., a founder of agency. From left are John P., Edward E. Sr., Charles S. and Edward E. Jr., who started family on road to distinction by acquiring CLU designation in 1947.

Joe Hunt Has Complaint

One item among the many mailed from the offices of Commissioner Joe B. Hunt of Oklahoma that seems to be of some real concern to the commissioner is his argument that the state insurance board should be abolished and that the commissioner should have the final say.

Mr. Hunt, who is an elected official, sits on the state insurance board with two appointees, Louis Woodruff and Paul Ballinger. Nearly every vote comes out 2 to 1 against Mr. Hunt and he is contending vocally and by mail that this is not right. It definitely is not to his liking. He says that as an elected official he should either have more of a say or he should not be out-voted so often.

Selective Has Gain

Selective of Cincinnati recorded an underwriting profit of $207,804, investment income of $173,178 and an increase in surplus of $375,028 in the first nine months of 1960. Policyholder surplus now stands at $2,542,661. Premiums were $5,514,277, up 16.8% over 1959.

Few Complaints Of Auto Cancellation

(CONTINUED FROM PAGE 1)

member companies of his association, he said, most were without substance. The association also investigated 212 complaints against members that were made as a result of the Daily News asking its subscribers for complaints plus those filed by Sen. Speno.

Reasons For Cancellation

An impressive number of the complaints indicate that producer or insured instituted cancellation rather than the company, or insured failed to pay his premiums, or was found by underwriters to have been involved in accidents which indicated he was an unsafe driver.

In view of these facts, Mr. Johnson said, the companies are convinced "that they have not arbitrarily or capriciously cancelled policies but instead have employed reasonable restraint and consideration in their efforts to curtail their underwriting losses."

The alliance was furnished 50 complaints, Mr. McCullough said. Three were still under investigation. Of the remaining 47, there were seven on which neither the alliance staff nor the companies allegedly involved could find any record of a contract with complainants. Three others still are insured by the companies against which they complained of cancellation. Of the remaining 40, 13 had had repeated accidents or accidents involving substantial fault; three had repeated traffic violations, two had had their licenses revoked, five were assigned risks, two hadn't paid the premium; seven had been terminated by the producer, one had a mental illness, four were of advanced age with "additional factors"; one had been cancelled for advanced age alone; two had voluntarily terminated their own coverage.

Many Other Reasons

Also, one had exceeded the period of assignment, one had made a misstatement in his application, one was an inexperienced driver, one had violated policy conditions, one reflected a moral hazard, two were youthful drivers plus "additional factors," another involved mistaken identity, one operated a sports car, and, in four cases, cancellation was due to traffic congestion in the area.

Of the four cancellations for traffic congestion, one complaint was by a motorist who stated in his application that the car was garaged in a low-rated suburban area when it was actually garaged in a metropolitan district. Also, he had had two traffic violations, though he indicated on the application that he had had one.

Mr. Leftwich reported that of 126 complaints so far traced by NAII members, investigation showed that 75 risks were cancelled because of severe circumstances or frequency of accidents, indicating that they were not entitled to rates accorded the normal, responsible driver; 21 were cancelled as persons of disreputable or questionable character—they were engaged in immoral or illegal activities, they had lied as to past convictions, and they had exaggerated claims for damages.

Also, 22 cases turned out not to involve cancellations at all. In 12, insured dropped the insurance or didn't pay the premium. In five, the company simply failed to renew—three were assigned risks and had been assigned for three years. Another was not a cancellation but a turn-down by the agent without issuing a binder. The other four are still insured by the company concerned.

Two cancellations were for drinking, three because of driving inexperience, two because the use of the vehicle changed materially, and one because the vehicle was junked.

Mr. Leftwich then submitted two examples of "clean" assigned risk experience. One was that of a driver 18 who was found to have become a drinking driver. He was cancelled. Two months later he fell asleep while driving at 3:30 a.m., ran into a ditch and seriously injured a companion. They had been driving along back roads and stopping at taverns to drink beer.

A male driver, 26, was cancelled because of indications of reckless driving. A few weeks later he skidded into another car. Not long afterward his car struck another car in the rear. In his third accident he knocked down a child. In all, he was responsible for seven accidents, three of which involved BI. In all seven, he was negligent. Under compulsory, he is still driving and still insured.

Robert Grohe Retires As President Of Protection Mutual

Robert F. Grohe has retired as president of Protection Mutual and Paul E. Ray has been named his successor. Mr. Grohe joined the company in 1927.

Mr. Ray joined Protection Mutual in 1947, became vice-president in 1950 and executive vice-president in 1959.

The change in presidents is coincident with the company's moving into its new home office in Park Ridge, Ill.

Form Omaha CPCU Chapter

Omaha Chapter of Society of CPCU has been organized, and Russell Bowie has been elected president. Other officers are Frank Gleeson, Hawkeye-Security, vice-president, and Thomas Blinn, secretary-treasurer.

Evans Urges Summit Meeting Of Insurer Leaders To Work Out Regulatory Program

The insurance industry is "about the most regulated business in America," Harold G. Evans, president of American Casualty, said at the annual conferment luncheon of Philadelphia chapter of CPCU. Prior to the SEUA decision, the fire and casualty business was relatively free of rating laws, and it prospered under the competitive enterprise system. Today insurance activities appear to be the constant target of legislative investigating committees.

Though rating laws are required to be adequate, reasonable, and not unfairly discriminatory, he declared, in 10 years since most rating laws were enacted, automobile BI rates have not been adequate in any single year. If rates do not meet the test of adequacy, then everything else in the rating law becomes irrelevant, Mr. Evans said.

Departments have been quick to approve rate decreases. But many departments have been hesitant or refused to approve badly needed rate increases which would permit the companies to earn the modest underwriting profit provided for in the rating formula. The history of rate increases under the all-industry laws has been "too little and too long delayed."

The all-industry laws and their administration have served the public well, he said. But they have not served the interests of the fire and casualty companies, their stockholders, or independent agents and brokers.

The O'Mahoney report could mean the end of an era and the beginning of a new period with rate regulation being more slanted toward anti-trust standards, Mr. Evans believes. The supervision of the business will undoubtedly continue at the state level, although threat of more federal regulation will increase. The principal deficiencies referred to in the O'Mahoney report seem to arise more from administration of the laws than from any major defects in the statutes themselves. Mr. Evans said that the present exploration of possible regulatory change represented in the proposed District of Columbia bill and the Gerber committee study by the commissioners might represent one of the last opportunities to create a proper atmosphere within which to operate.

Should Rise To Challenge

The industry should rise to the challenge, he declared. He suggested a summit meeting of the top officers of seven or eight representative board, independent and mutual companies with the executive directors of their respective boards, bureaus or associations. They could adopt a program that will best serve the public and not special interests. What is needed is a program that will create an atmosphere in which all segments of the business can live and one that will foster reasonable and not ruinous competition. A united front in this common effort is absolutely essential.

There must be a proper balance between unremitting competition and strict regulation, he said. This is important in the interest of maintaining unquestionable solvency and affording the broadest market at reasonable and competitive rates.

Mr. Evans observed that automobile

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Rocky Mountain Auto AR Plans Hold Annual Elections

Newly elected members of the governing committees of the automobile assigned risk plan in Colorado, Wyoming and New Mexico, all managed by R. G. Shurtleff, were elected at the annual meetings last month in Denver.

Oscar Swanson, Liberty Mutual, is chairman of each of the governing committees, representing Mutual Insurance Rating Bureau. Other members are Douglas Drayton, Fidelity & Casualty (National Bureau); W. E. Searle, State Farm Mutual Auto (National Assn. of Independent Insurers); Scott Dickson, Travelers Indemnity (other stock insurers), and Thomas Gibb, Manufacturers & Wholesalers Indemnity Exchange (other non-stock insurers).

Increase Over Last Year

For Colorado, Mr. Shurtleff reported that for the period July 1, 1959-June 30, 1960, there were 19,209 new and renewal assignments handled, a considerable increase over the previous year. The total cost per application was 79 cents, which he said is a reasonable figure.

In New Mexico, for the 12 months ending June 30, there were 4,720 new and renewal assignments, also a considerable increase, with applications amounting to $1.12 each. The cost would have been less, Mr. Shurtleff explained, but for travel expense to meetings with the New Mexico department to discuss changes in the AR plan.

The Wyoming figures for the last year show 3,138 new and renewal assignments at a cost of $1 each.

This advertisment appears in BUSINESS WEEK November 12.

Conventions

Nov. 13-15, Kentucky agents, annual, Kentucky Hotel, Louisville.

Nov. 14-16, Indiana agents, annual, Claypool Hotel, Indianapolis

Nov. 16-18, Casualty Actuarial Society, annual, Statler Hotel, Washington, D.C.

Nov. 21-22, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.

Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, regular meeting, Commodore Hotel, New York.

Nov. 30, Insurance Federation of New York, annual luncheon, Waldorf-Astoria, New York City.

Dec. 1-2, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel meetings, Conrad Hilton Hotel, Chicago.

Dec. 1-2, Insurance Advertising Conference, midyear, Statler-Hilton Hotel, Washington, D. C.

Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

1961

Feb. 9-10, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton Hotel Chicago.

Feb. 13-15, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York City.

Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.

March 9-11. Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.

March 12-15. National Assn. of Mutual Insurance Agents & Texas mutual agents, combined midyear, Shamrock-Hilton Hotel, Houston.

March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.

March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.

March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.

March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.

April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.

April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.

April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.

April 23-27, American Assn. of Managing General agents, annual, Camelback Inn, Phoenix.

May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Kiamesha Lake, N. Y.

May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.

May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.

May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.

May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.

May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.

May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.

May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.

May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.

May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.

May 17, National Assn. of Independent Adjusters, Sheraton Towers Hotel, Chicago.

May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.

May 18-20, Texas agents, annual, Galveston.

May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.

June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.

June 12-14, International Assn. of A. & H. Underwriters, annual, Waldorf Astoria Hotel, New York City.

June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 15-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.

June 26-28, Virginia agents, annual, The Homestead, Hot Springs.

June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

July 4-6, International Assn. of Insurance Counsel, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.

August 17-19, Texas mutual agents, annual, Texas Hotel, Ft. Worth.

Sept. 7-9, New Jersey agents, annual, Traymore Hotel, Atlantic City.

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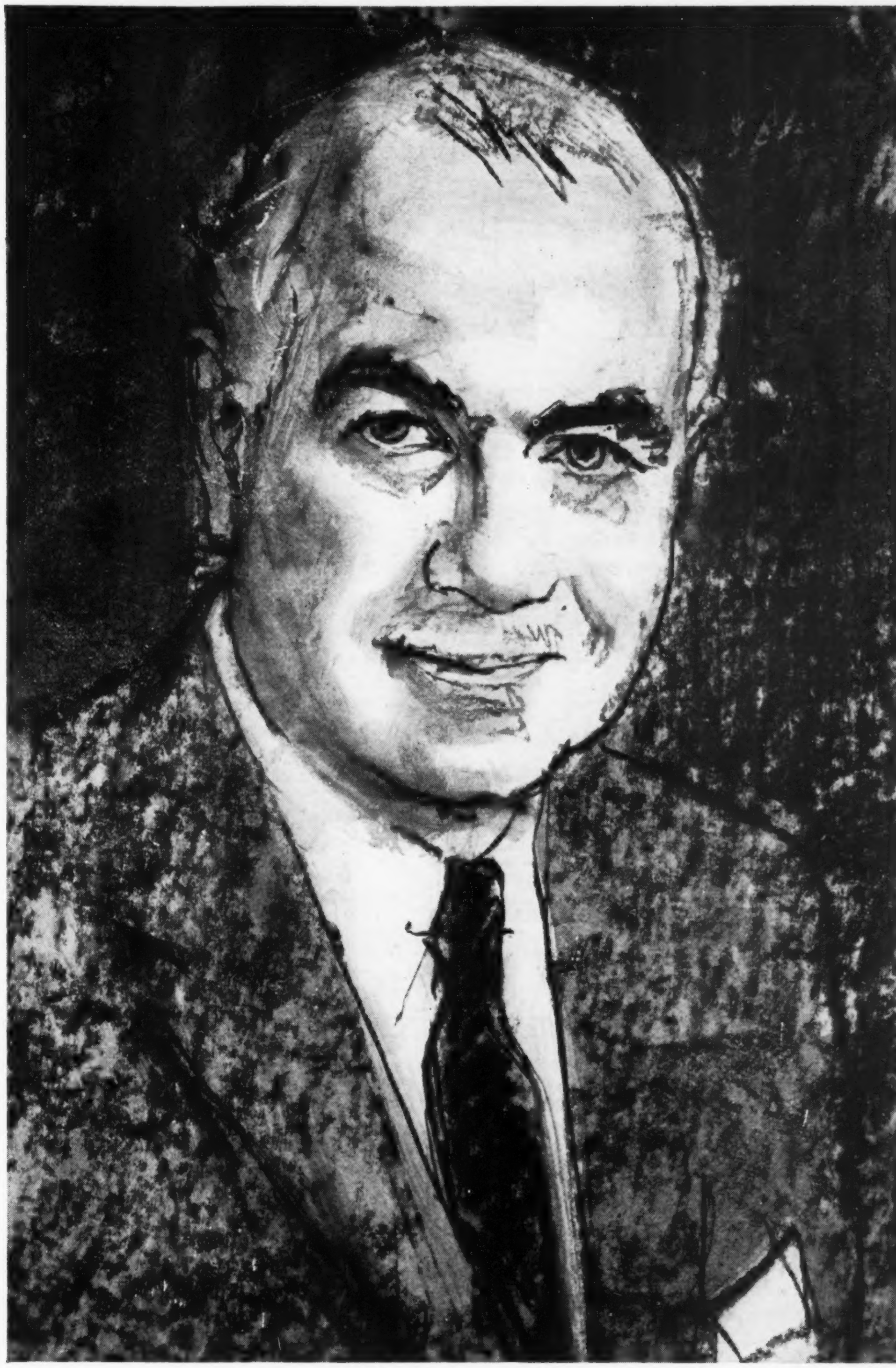

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Illinois Agents Meet At Peoria

Frank R. Miley, Chicago, retiring chairman; J. Oliver Orr, Springfield, treasurer; Benjamin A. Jones, Decatur, vice-president farm affairs, and James S. Woodworth Jr., Robinson, executive vice-president.

Lack Of Company-Agency Rapport Decried By Mullins At Illinois Agents' Rally

Active participation on a state and national level as state national director of Illinois Assn. of Insurance agents has convinced H. W. Mullins of Rockford of the "great good we can do this business of insurance," he told the Illinois agents at the annual meeting. The same success at a local board level may be achieved through active participation by every member, he said.

"As our state and national association continues to grow in numbers, our influence and prestige also grow. This, in turn, places a greater responsibility on us to use that influence and prestige wisely. We must always be careful not to overemphasize our responsibilities to ourselves and always be mindful of our duties to the insurance business as a whole and more particularly to the insurance buying public. Adherence to the code of ethics of the national association will insure our not going astray in this respect," he said. "Only as our business prospers and as our policyholders accept us, can we hope to prosper as individual agents."

Warns Against Self-Interest

Mr. Mullins warned against the temptation to use the influence of the association primarily to further and protect self-interest as agents. "If we do this—if we lose sight of our obligations to other segments of our business, then we approach the area of a labor union operation rather than an association of professional business men." He said agents frequently lay great stress on their professional status, "but if we wish to be recognized as such, then we must accept the responsibilities that go with such recognition.

"This does not mean, however, that we must accept—on a blanket basis—every proposed change made by others which may damage us or impair our rights. We must, however, be always alert not to be overly influenced by those holding misguided or narrow objectives toward furthering our own selfish interests without regard to others who, in their zeal to achieve these objectives, misconstrue or distort facts, figures and statements of others. I, for one, want no part of any organization which in any manner conducts itself as a union, and I am sure you share this conviction with me."

Mr. Mullins listed as some of the accomplishments of the national as-

(CONTINUED ON PAGE 32)

Illinois Assn. Holds Own In Officer List

In addition to the officers mentioned elsewhere in this issue, Illinois Assn. of Insurance Agents named the following imposing list of officials and probably retains its status as the association having more "chiefs among the Indians" than any other group of its kind:

Regional vice-presidents—Sanford H. Lederer, Chicago, region 1; Robert W. Sundlof, Aurora, 2; Robert W. Flock, Sterling, 3; Robert Shade, Decatur, 4; Jack Gift, Peoria, 5; James C. Humphrey, Taylorville, 6; Leland R. Crank, East St. Louis, 7; E. M. Rolwing, Cairo, 8; William Pulliam, Newton, 9; Dee L. Rodd, Marion, 10; Albert A. Greene, Danville, 11; Richard M. Winters, Quincy, 12; William R. Lyon, Moline, 13, and Thomas K. Sprague Jr., Joliet, 14,

Chairmen Standing Committees

Chairmen standing committees—Advisory, Frank R. Miley, Chicago; accident and fire prevention, Robert L. Newell, Ashland; automobile, Donald W. Perin, Chicago; budget and finance, Andrew Horn, Galesburg; casualty, surety and fidelity, James H. Rupp Jr., Decatur.

Also, conference, E. J. Clements, Chicago; education and agency management, Wendell G. Cleaver, Peoria; farm insurance, Benjamin A. Jones, Decatur; grievance, Arthur Smith, Joliet; legislative, Joseph F. Prola, Springfield; local boards and membership, James S. Woodworth Jr., Robinson; property insurance, William T. McElveen, Chicago, and public relations, Dudley F. Giberson, Alton.

Farm Agents Hold Breakfast Session

The farm agents' breakfast program at the annual meeting drew a surprisingly large "house." Also, a goodly number of company men attended the session. Possibly this was due to the fact that there was a detailed comparison made between the bureau's blanket farm personal property form and that of Country Mutual. The comparing was done by Howard Jones, Mendota, and Robert Newell, Ashland. Benjamin A. Jones, Decatur, vice-president farm affairs, was moderator.

It was pointed out that there is a small advantage rate-wise in the bureau form, which apparently is a rarity. Also, the form can be written on a five-year basis, payable annually.

On the other hand the Country Mutual form names more perils, such as vandalism, accidental shooting, drowning, electrocution or death by dogs of livestock. Also, there is provision for flood and collision in the case of some heavy machinery.

The consensus was that while the bureau form is a good one, the only way to beat the competition is for the bureau companies to provide a blanket policy with as broad or broader features than Country Mutual's. Unofficial talk was that there is such a policy in the works.

Local Boards Win Honors For Efforts

At the annual meeting of Illinois Assn. of Insurance Agents, Centralia won the Maryland Casualty award for the local board deemed to have achieved the most in the past year. John P. Keevers, regional vice-president of the company, Chicago, made the presentation.

The William H. Jennings Jr. memorial cup for the regional vice-president who showed the greatest increase in membership went for the second year to Dee L. Rodd of Marion, region 10.

Also, in the award department this year, there was an innovation. Small wooden plaques featuring a gavel and the association seal were presented to 17 past presidents. In terms of agency perpetuation, the presentation was of considerable significance, since in a large number of cases when the father was not present to accept his award, a son stood up in his place.

The C. M. Cartwright merit award was not made this year, since apparently no one was deemed to have met the stringent specifications for its presentation.

Illinois Assn. To Meet At St. Louis In 1961

St. Louis will be the scene of the 1961 meeting of Illinois Assn. of Insurance Agents, George J. Nicoud, executive manager and secretary of the association, told the agents at the conclusion of the annual meeting in Peoria. The reason for this unusual departure is to provide the agents in the southern part of Illinois with a little "break" travel-wise, and St. Louis seems to be the most logical choice as to accommodation for a meeting which every year grows larger.

Illinois Agents Are Not Being Swayed By Current Events

Annual Rally At Peoria Leaves No Room For Doubt That They Are Prepared

By WILLIAM H. FALTYSEK

Just like in Hollywood, where every picture is super-colossal and better than anything ever before produced, in the realm of the annual meetings of almost any association, each year's gathering is an epic epic. A bubbling, enthusiastic, record attendance, well filled meeting rooms, real progress made, etc., etc. Once in awhile, however, one of these meetings actually comes off in just that way, and in this case it was the annual rally of Illinois Assn. of Insurance Agents in Peoria last week.

Pre-Registration A Record

While no one was trampled to death in the rush, pre-registration was significantly over any previous record in the 61-year history of the association. And the final physical count of more than 800 belied any thought of "paper profits," which a large advance registration often turns out to be. More than that, according to the association staff, all registrations were made with a certain sense of what might be termed urgency to be assured of accommodations.

In previous years, as with so many associations, attendance was satisfactory but gained only through blood-and-tears exhortation by the association wheelhorses to "support the party." Not so this year.

Why this feeling and turnout? The obvious speculation would seem to be twofold—bunching together for protection against the "storm," and a determination that things have gone far enough; the agency system must survive, and it is time for the agents to

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'Chicago Situation' Has Been Resolved; See Membership Growth

During his presidential report, Fred O. Waller of Galva commented on the satisfactory solution of what was formerly termed "the Chicago situation." Sanford H. Lederer, Stewart, Keator, Kessberger & Lederer, of that city, vice-president region 1, summed up recent reforms which took place in the charter setup of Chicago Board of Underwriters that will bring in more members to the Illinois association.

Mr. Lederer was chairman of the board's subcommittee which evolved a workable solution to a hitherto "impossible problem." This was reported last summer in THE NATIONAL UNDERWRITER about the same time that Eugene Gallagher was named manager of the board. Mr. Gallagher was present at the Peoria convention, and the Chicago Board maintained a hospitality suite—something that has not been seen for many years at the annual agents' meeting.

Illinois School Safety Program Is Discussed At Ill. Agents' Rally

Following a pattern established some years ago, Illinois Assn. of Insurance Agents called its annual convention to order Sunday afternoon with a local board workshop. The topic was the new school fire safety code of Illinois. This was handled by a panel consisting of Scott S. Funkhouser, building consultant, office superintendent public instruction; Robert M. Cole, executive director Illinois Assn. of School Boards; Harry T. Helton, Chicago manager American Surety, and Jack Gift, Peoria, moderator.

Mr. Gift pointed out the increased kinship between insurance men and school boards since the Kaneland (Ill.) County case, which upset the doctrine of sovereign immunity in the state, and the Our Lady of the Angels fire in Chicago. Even before these two tragic events, however, the superintendent of public instruction of Illinois had been working on a complete set of safety requirements in the schools, he said. The new proposed code is in the mill at the present time.

Mr. Funkhouser in discussing the code, brought out as a sidelight the main point which is giving concern to insurers—that the code regards life safety as its primary concern and the property and liability angle is more or less a "by-product." He also noted that the new code does not apply to Chicago, since it has its own charter, drawn up differently from the rest of the state.

No Money For Project

The new code will demand inspection of every school building in the state, Mr. Funkhouser pointed out, but it just so happens there is no money alloted to this project. The hope is that each school board will make the initial inspection "with capable assistance" (presumably the fire marshal and others) and decide how to go about meeting the requirements of the code. (Mr. Funkhouser did not mention the service concept of insurance men at this point, but there is a thought there.)

Mr. Cole told the agents that the Illinois school board is about to revise its printed materials relative to insurance. He noted the aid furnished for the original material by insurance agents and made a plea to the association for continued assistance in the new publications. He also brought out a point that with the tremendous growth in population, school needs call for expansion which, in the case of some of the older buildings, will not meet requirements of the code. As to the problem of no funds available to remedy this situation, legislation may be necessary, such as a one-shot levy for this purpose, he stated.

On working together with insurance agents, he said that time and time again supervisory personnel of the schools needs advice, and increasingly so with insurance problems, and does not know where to turn. In his own bailiwick, he refers questions to the Illinois association and has always received the information required—either from the association itself or who to contact from the particular city or town in question.

Mr. Helton gave due credit to the intent of the new code and said the insurance industry can find no fault with the way it is worded, but how it will turn out (as is often the case with good intentions) will be a matter of time. Companies and agents must do all that is within their power to see that these good intentions come to fruition, he said.

One of the chief concerns of the insurance business is, however, the time element in the new school code. If it became effective tomorrow, for instance, a lot of complications would arise. One of these would be the "grandfather clause," he said, on old school buildings. Since there would be no money to make the required changes, the only solution would be to close the building or operate in violation of the code.

Main Intent Told

Also, since the main intent of the code is the safety of lives, with no specific stipulations concerning property insurance in case of catastrophe, this is no great come-on for the property insurance people, he said. He brought up the question of liability and queried as to how this would be handled, since the school boards are not definite in what they want on limits.

Another problem for the companies is how they should act in case of lack of compliance with the new code. This would have to be considered as a substantial contributing factor to a loss before any claim could be paid, he said. There is also the thought that, quite feasibly, schools could be liable for injuries to firemen, since a decision in favor of firemen injured while performing their job was handed down this year in case involving a hotel fire in Chicago.

Illinois Assn. Voices Objection To Credit Card Insurance Cover

The resolutions committee of the Illinois association praised James H. Hawk, Peoria, general chairman, and his wife, who was in charge of an excellent program for the ladies attending the annual meeting; commended Director Joseph S. Gerber and his staff, and took a stand on Standard Oil's credit card travel accident insurance.

The resolution on the latter stated: Whereas the attention of Illinois Assn. of Insurance Agents has been brought to the action of Standard Oil Company of Indiana in soliciting accident insurance from its credit card holders; and

Whereas other organizations have similarly offered to their credit customers the availability of accident insurance; and

Whereas Illinois Assn. of Insurance Agents believes that insurance policies can best be sold and serviced by local independent insurance agents;

Now therefore be it resolved that Illinois Assn. of Insurance Agents in convention assembled, Nov. 1, 1960, Peoria, Ill., expresses objections to the program of Standard Oil Company of Indiana and other credit organizations offering similar insurance services; and

Be it further resolved that Illinois Assn. of Insurance Agents requests Standard Oil Company of Indiana and other credit organizations extending insurance services to discontinue the practice in the state of Illinois.

Before the resolution was formalized, Sanford H. Lederer of Chicago pointed out that Standard Oil seems to put little stock in agents' letters of protest or returning their credit cards. He suggested that perhaps some of the insurance companies who are large stockholders of the oil company could voice a protest. Coming from the "owners" of Standard Oil, this action would possibly bear a little more weight, he said.

Safe Driver Plan, Now In 18 States, Gets Looking Into By Illinois Agents

At the panel session on the safe driver insurance plan, which is currently under considerable discussion in Illinois, Thomas E. Murrin, actuary National Bureau of Casualty Underwriters, told the agents that the bureau companies firmly believe this is a valid refinement of the existing classification plan to which they are committed for the ultimate benefit of their agents and themselves.

It is believed, he said, that the safe driver plan is sound in theory and workable in practice and avoids the fundamental weaknesses that caused the lack of success in previous merit rating plans. As of Nov. 1, the safe driver plan had been introduced in 18 states for application to family auto policy business, as well as in conjunction with the new special automobile policy, except in California.

"The real test, obviously, will be in the market place and in the underwriting profits or losses that remit," he said. "These new rating programs have been received with enthusiastic response on the part of our producers and customers." This was true to such an extent, he noted, that a grass roots demand for it arose in many parts of the country.

Accelerated Time Tables

"After the initial experimental filings, our companies found that supervisory officials, agents and the insuring public so keenly supported this concept of classification refinement that they accelerated their time tables and boldly introduced the new plan in a larger number of states than they had originally anticipated. . . Our position originally was to introduce the plan in a very limited number of states and await the actual experience results before proceeding in any other states."

The direct relationship between the driving record of an individual and the probability of his being involved in an accident was conclusively established by an exhaustive study of a sample of almost 100,000 drivers conducted by the California department of motor vehicles over a three-year period, he said. The report states, "A definite relationship exists between the number of abstracts (records of convictions) in the driver's record and the number of accidents he is likely to have."

Compare Records

In the section of the study dealing with this relationship, the accident records of drivers who had no convictions during the three-year period were compared with those who had one conviction, two convictions, three convictions, etc., during the period. For the group with no convictions, there were nine accidents per 100 drivers. For the group with one conviction, there were 19 accidents per 100 drivers, or more than twice as many.

For those with two convictions, there were 27 accidents per 100 drivers, or three times as many as for those free of convictions. Those with three convictions had an accident rate of 35; those with four a rate of 43, and the group with five or more convictions had 55 accidents per 100 drivers. These rates are about four, five and six times the rate for the conviction-free group, Mr. Murrin pointed out. The group with nine or more convictions during the three-year period had an accident rate of 66 per 100, or nearly 7½ times that of those who faithfully observed the motor vehicle laws.

The plan being currently filed in various states by National Bureau differs from the California plan in that the latter is based upon accidents and convictions for virtually all moving traffic violations, whereas the bureau plan is based on accidents and major traffic infractions that require filing of proof of financial responsibility.

Mr. Murrin said that since most states do not presently have the complete records of all drivers readily available at nominal cost, as does California, "our companies believe that the plan best suited for current introduction throughout the country should be one that does not make motor vehicle records of the state a specific and integral part of the plan." The plan being filed is essentially the same as the one that became effective in Connecticut last March. He gave a number of details of the Connecticut plan and also discussed the bureau's special automobile policy, which has been filed and approved in 17 states.

The mere introduction of new rating programs by the bureau companies will not automatically solve "all of our problems in this intensely competitive field," he declared. They offer a better policy form and will achieve more equitable rating treatment and better classification through signed applications. An all-out merchandising

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Direct Billing, Continuous Forms Discussed With Some Vigor At Ill. Agents' Rally

The session on direct billing and continuous forms at the Illinois agents Peoria rally was reminiscent of a political debate, as H. W. Mullins of Rockford and Warren Osenberg of DeKalb argued for and against, respectively. Mr. Mullins is state national director of the association, and Mr. Osenberg is president of DeKalb County Assn. of Insurance Agents. Harry C. Parrish of Paris, incoming president of the Illinois association, was moderator.

Mr. Mullins, while acknowledging the strong difference of opinion on the subject, feels that thinking is pretty evenly divided, and in the end the matter will take care of itself or it won't. "Don't belabor a point where we are never going to achieve harmony," he added. While he is not an exponent of direct billing, etc., he believes the agents are blocking progress fighting the inevitable. The agents also fought five-year installment policies at one time as a threat to their way of life, he noted.

Mr. Mullins, queried as to why the agency system can't be just as flexible as any other business in adapting to change, said it is after all, how the public looks at the agents that will decide the matter and not how they feel among themselves.

In this light, he quoted from an article in the October issue of Fortune magazine in which an author, having no ax to grind and no connection with the insurance business, gave his feelings about agency operation opposition to change in the automobile insurance business. He used for comparison the agents' fight against Allstate and pointed out how this company and others are following the electronic way of doing business to save money.

The author said, among other things, that Allstate and similar companies cannot be pressured by their employes to take bad automobile business because they have other good lines and that despite the opposition of the agents, the handwriting is on the wall—and not in fine print.

This would seem to an example of public thinking, which may be on the increase, and the intermural conflicts of the agents and companies mean very little to the buyer, he said. The only real point that may be involved is the agent's possible loss of contact with his customers, Mr. Mullins added,

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Agency Mergers Are Considered As Way To Meet Challenge

The insurance business, which is going through important and rapid changes, has witnessed a number of mergers among companies, and—to keep pace—possibly the agencies should be thinking along the same lines. This thought was brought out at the Illinois agents' annual meeting by a panel on the "Pros and Cons of Merging Agencies."

The panelists noted that the agency system has in effect been challenged in some respects by both the companies and the public, and some of the suggestions for a change in methods "will improve our over-all lot." On the other hand, some of the suggested improvements are felt to be to the detriment of the agency system.

Various advantages of merging agencies were pointed out, as well as possible pitfalls. Among the former it was felt that there would be considerable reduction in overhead; by combining to handle expenses "we will be able to keep more of what we earn." Also, the agents feel the public would benefit in increased service. As to the dangers, the main thought seemed to be for the parties involved to move very carefully and with deliberation before effecting a merger. All possibilities should be included, as relatives who might later be brought into the business or obtain stock in the merged venture; method of payment in the buy and sell agreement, and a satisfactory covenant not to compete in case of dissolution of the firm.

Commissions Common Problem

Paring agency expenses assumes additional weight in these days when "reduction of commissions is in the wind," the panel noted. Lower commissions is a common problem for both companies and agencies, and the agents were urged to work together and not fight among themselves in the solution of this important problem. "The cost of business is pushing up, while reduced income is pushing down. The companies are doing something about their situation by merging, and we ought to at least think about such a move in respect to agencies."

One of the results of an agency merger would probably be larger volume in fewer companies. The panel opined that this puts the agent in a better bargaining position and also provides an opportunity for a better contingent arrangement. This may affect some companies adversely, but on the other hand, reduction of companies will permit the agency to do a better job for the public, since the companies with which it deals can offer larger maximum lines and other advantages because they are receiving increased volume. Also, with fewer companies, there will be less confusion on what they are offering for the agents to sell (fewer forms and contract provisions).

As to reaction of the public on merging of agencies, the panelists said people are conditioned to large operations. They associate success with size and feel they can do better dealing with a "big store."

Panelists were S. F. Spurling of Taylorville and James Rupp of Decatur. Mr. Rupp is also president of the Decatur board. Moderator was Thomas K. Sprague Jr., Joliet, who is region 14 vice-president.

Gerber Tells Agents 'Startling News' Is Coming On Regulation

Joseph S. Gerber, Illinois director, who was on hand at the annual meeting to install the new officers, said events are taking place in the insurance business today that are bringing more and more people together, agency and company alike, pointing out as a good example the big attendance at the Illinois meeting.

Mr. Gerber, who is chairman of the NAIC subcommittee on study of rates, said the committee's report in December at the NAIC winter meeting will consist of recommended changes on rating laws and their administration, "which will be significant." It is an understatement, he declared, to say that these studies and changes are taking place because of the O'Mahoney committee's work.

In the next five years, there will be changes in the fire and casualty business never before visualized, he said. The business has worked under a definite pattern for many years; now, suddenly, there will be many changes to which administrators and regulators will have to adjust. The agency system and the regulators will have to work very closely with the administrators, and this should be while various changes are coming about, not after they are an accomplished fact.

There will be some "very startling news forthcoming between now and the first of the year," he stated. "It will affect your business to a large degree and the entire pattern of regulation is in the balance." He went on to say that everyone in the business must be realistic, "and we will weather the storm if we all work together. There are tremendous opportunities ahead, but we must face up to problems. If we had done this some years ago, we would be better off today.

"We are now studying things in our office which will affect all of you." He got a big hand on his conclusion: "I don't know where we're going, but it will be a pleasure to go along with you."

Big-I Beginning To Reach Competition

At the first general session of the annual meeting in Peoria, J. E. Vincent, Bryan, Tex., ad chairman of NAIA for 1960-61, detailed the Big I program with the aid of a sound film. He said American capital stock companies "almost dropped the ball" insofar as advertising their wares was concerned, while the direct writing companies really "poured it on with their advertising campaign." He noted that the four leading non-agency companies alone will spend more than $10 million for advertising in 1961.

With the advent of the national associations' advertising campaign, however, the agents are now making themselves heard from, and by reaching the public are putting a big crack in the armor of the direct writers. He opined that the competition never really believed that the agents would or could act as an effective unit. He said a statement against the advertising methods of NAIA by Thomas C. Morrill, vice-president State Farm Mutual, reported recently in THE NATIONAL UNDERWRITER, was ample proof that "we are getting to the direct writers where it hurts."

IAC Meet Highlights Creative Advertising

Insurance Advertising Conference at its annual meeting Nov. 30-Dec. 2 at Washington, D.C., will feature as speakers creative specialists from leading advertising agencies.

W. J. O'Meara, Aetna Casualty, will keynote the meeting with a talk on the creative challenge in insurance advertising. The creative process will be described by Carl Dueser, Wade advertising agency, Chicago.

A panel on creativity in insurance ads will have as participants Sanders Maxwell, Young & Rubicam, New York; Charles A. Gardner, Remington advertising agency, Springfield, Mass.; Robert W. Murphey, N. W. Ayer & Son, Philadelphia, and James C. Brown, G. F. Sweet agency, Hartford. David W. Barton, Barton-Gillet agency, Baltimore, will speak on visualizing intangibles, and Barrett Brady, Kenyon & Eckhardt, on TV and insurance advertising. Consumer attitudes toward insurance will be described by James T. LeCompte, Stewart Dougall Associates, New York, and this subject will be explored further in a special presentation by Life magazine.

Other speakers are Edwin J. Benedict, McCann-Marschalk, New York, William E. Matthews, Young & Rubicam, and Leon Volkov, Newsweek.

Sterling Gossett Is Promoted

Hartford Accident has promoted **Sterling D. Gossett,** assistant bond superintendent at Indianapolis since **1959,** to bond superintendent there. He joined the company in the bond department in 1957 and was named special agent at Syracuse in 1958.

Royal-Globe Opens New Mineola, N. Y. Office

Royal-Globe group has opened a new suburban regional office building at 185 Willis Avenue, Mineola, N. Y. It will combine the group's Flushing suburban regional office and the Mineola service office.

The group's staff of 90 employes will fully occupy the three floors of the brick, fully air-conditioned building. The site contains parking for 75 cars.

John Keiller is regional manager for the suburban territory which includes the counties of Nassau, Suffolk, Richmond, Queens, East Bronx, Rockland, Putnam, and Westchester.

St. Paul F.&M. Makes Three Changes in Wis.

St. Paul F.&M. has made three changes in its Wisconsin territory. Loren Oliver Jr., special agent at Milwaukee, has been transferred to Madison with the title of state agent. Special Agent L. J. Leonhard at Madison has been advanced to state agent there.

Thomas A. Brackett, now at the home office, has been assigned to Milwaukee as special agent.

Wash. OKs Allstate Filing

OLYMPIA—Allstate's filing of commercial fire rates 15% under those of Washington Survey & Rating Bureau has been approved by Commissioner Sullivan. The filing is now effective in 35 states.

D. D. Alexander, General Adjustment Bureau, has been named editor of Cleveland Field Club News, a monthly publication for members of the field club.

Fund Shifts Iliff, Makes Other Changes

In one of several changes within Fireman's Fund, William J. Iliff, manager of the southwestern marine department at Dallas, has been transferred to New York City, where he will work under the direction of Vice-president John H. Dillard. Mr. Iliff's principal responsibilities will include the administration and supervision of all branch offices and field operations in the eastern department.

Max Dickerson, currently assistant manager of the southwestern marine department, takes over management of that department, while John Deadman, chief underwriter there, becomes assistant manager.

Philip L. Pitts, becomes assistant departmental manager of the southwestern department, while Richard E. Hoefert, presently fire manager at Los Angeles, is being transferred to Dallas to succeed Mr. Pitts as fire manager there.

Clemens A. Fortman, currently manager of research, development and sales at Los Angeles, succeeds Mr. Hoefert in the management of the fire department there. Howard G. Taylor succeeds Mr. Fortman.

Miss. To Get Safe Driver Plan And Auto Rate Raise

Mississippi has approved National Bureau's safe driver plan, effective Dec. 15. The commission approved an increase of 4.8% statewide in automobile BI and PDL, also effective Dec. 15.

The increase in the basic rates is comprised of a 3.4% increase on BI and a 7.4% increase on PDL.

Urges Summit Meeting Of Insurer Leaders

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liability insurance is currently registering its 11th consecutive year of underwriting losses, notwithstanding higher rates, reduction in acquisition costs, inauguration of experimental rating plans, and development of restricted economy policies. The two largest direct writers sustained combined underwriting losses of more than $11 million dollars last year, on more than $550 million of combined auto BI and PDL premiums and on commissions of about 5¼%.

He wonders if the federal anti-trust and monopoly statutes are being properly served when less than one-third of 1% of the companies write almost 25% of the private passenger automobile business outside of Massachusetts. Another serious threat is the aggressive programs of mail order companies, one of which originally confined its solicitations to government employes and selected military personnel, but which lately has extended eligibility to farmers, professional men, and white collar employes. It offers discounts up to 30% regardless of accidents or traffic citations. He said other similar companies operating without agents confine solicitation to employes of telephone and utility companies, or to employes engaged in the aviation business.

Mr. Evans recommended, in order to relieve court congestion and avoid the threat of an accident commission administering a system of scheduled benefits regardless of fault, the elimination of all absolutely unnecessary litigious procedures and streamlining all others; limitation of the use of contingent fees in tort actions exclusively to the indigent—otherwise abolish, reduce or regulate them—and restriction of recovery for pain and suffering in common law actions to eliminate much of the present uncertainty and inequity in verdicts.

Decsi Succeeds Young In Hartford Fire Pay Unit

Hartford Fire group has appointed Louis Decsi superintendent of the payroll department. He succeeds Alfred H. Young, retired.

Mr. Decsi, who has been with the group since 1948, is a past president of Hartford group's Men's Club. Mr. Young joined the company in 1927 in the accounts department, and was advanced to paymaster in 1936.

Pacific Indemnity Promotes Kale, Smith

Edgar L. Kale and James A. Smith have been appointed assistant vice-presidents of Pacific Indemnity.

Mr. Kale has been home office manager of fire and inland marine, and Mr. Smith both associate manager of that department and supervisor of the fire division. Starting with the company as an underwriter in 1947, Mr. Kale has also been a special agent and manager of the Los Angeles fire and inland marine department. Mr. Smith has been with the company 34 years and has been an underwriter at San Francisco and Los Angeles.

Chrysler Is V-P Of Maryland Casualty

P. C. Chrysler has been elected vice-president in charge of the fire and marine division of Maryland Casualty. He succeeds F. John Barclay, who is retiring at his own request for reasons of health. Mr. Barclay had been on leave of absence since an illness several months ago.

Mr. Chrysler joined the company in 1950 as manager of the fire division and also served as general assistant to Mr. Barclay. In 1956 he was elected assistant secretary.

Mr. Barclay joined the company in 1950 to organize the fire and marine business, and had been in charge of this division since its inception. He had been vice-president of Niagara before joining Maryland Casualty.

National Fire Sets Up A&S Department

National Fire Gas set up an A&S department under the supervision of A. M. Parker, who has been named assistant vice-president in charge of over-all A&S operations.

A. M. Parker

Mr. Parker started in the business with Continental Casualty at Toronto. He was made A&S manager at Detroit, then at Cleveland, and more recently was assistant vice-president of Continental Casualty at the home office.

American Casualty Has Agent's Audio Visual Aid

A series of seminars of American Casualty's A&S department was attended by more than 500 agents. The seminars featured the introduction of an audio-visual sales program for income protection coverages. Compact sound-projector units will be made available to agents, and a sales bonus plan will be held in conjunction with the agents' use of the audio visual equipment.

Seminars were held in Reading, Harrisburg, Allentown, Philadelphia, Manchester, N. H., Milwaukee, Boston, Peoria, Chicago, New York, Indianapolis, East Orange, N.J. and Charleston, S.C.

Selected Risks Has Underwriting Profit

Selected Risks of Branchville, N. J., for the first nine months ended Sept. 30, had an underwriting profit before taxes of $35,971 compared with a profit of $79,815 for the same period last year.

Policyholders' surplus was up slightly over the first nine months of 1959 to $4,665,672. Written premiums, including reinsurance, increased $937,522 to $10,774,835.

America Fore Has Compact Chart of Crime Coverages

America Fore Loyalty group is making available to agents a crime insurance chart which shows coverages under standard forms of crime policies. The chart lists coverages under eight different policies: Blanket crime; comprehensive 3D; broad form money and securities; broad form storekeepers; storekeepers burglary and robbery; mercantile robbery and safe burglary mercantile open stock burglary; and the office contents special form.

The chart is letter size and may be folded to pocket size. Copies are available from the group's home office or from its offices at San Francisco, Atlanta, Dallas or Chicago.

DeVoy In Tex. Marine Field

Hartford Fire has named William E. DeVoy marine special agent in the southwestern department. He joined the company in 1953 at Chicago and was transferred to Dallas in 1958.

Nichols To American Electronics Division

Arthur N. Nichols has joined American as assistant superintendent in the electronic systems division of the data processing department.

Mr. Nichols has been with Massachusetts Mutual Life for the past 10 years in electronic systems and procedures duties. In 1959 he was promoted to assistant planning secretary and was placed in charge of the unit which controlled major electronic applications.

Mills On Adjustments Unit Of National Board

Allen M. Mills, president of Camden Fire, has been named chairman of the committee on adjustments of National Board. He succeeds F. John Barclay, vice-president of Maryland Casualty, who has retired.

Mr. Mills was on National Board's public relations committee from 1952 to 1955, on the membership committee from 1955 to 1958, and on the committee on adjustments since 1958.

Photos of NAII Meeting In St Louis

Chase M. Smith Jr., Excess Underwriters, Chicago; Thomas Darden of Underwriters Ins. of the Lansing B. Warner group, and Philip O'Donnell of Excess Underwriters.

George Menefee, insurance consultant of Baton Rouge; F. George Schmich of Southeastern Underwriters of Savannah, and E. Brook Vickery of Vickery, Hoyt & Graham of Chicago.

Robert Link, chief counsel of the Iowa department, in the A. E. Strudwick headquarters with J. J. Freeman, vice-president Central National of Omaha; Vinton Nutt, chief examiner, and Commissioner William Timmons of Iowa.

Louis V. Woodruff and Paul Ballinger of the Oklahoma Insurance Board (absent is Commissioner Joe B. Hunt), flanking the Missouri superintendent, C. Lawrence Leggett. Mr. Leggett holds the longevity record in Missouri, having been appointed to office three times running.

Keith F. Kelly, Texas counsel of NAII and Gene Calame of the Oklahoma department.

Seymour B. Orner of LaSalle Casualty of Chicago, and Bettye Osborn, administrative assistant to Vestal Lemmon, NAII general manager.

Lloyd E. Boas of Transit Casualty of St. Louis; Mrs. Arthur Mertz; Mrs. Herndon of St. Louis; Mrs. Boas, and Arthur Mertz, general counsel of NAII.

William J. Hancock of Allied Mutual of Des Moines, Mrs. Hancock; R. Hugh Osborne of Employers Reinsurance, and Jack Doucette of Milwaukee Auto Mutual.

S. M. Simon of St. Lawrence group of Chicago; Mrs. Theodore Gaines, whose husband is an attorney in Chicago, and Richard A. Simon of St. Lawrence.

Hosts in the A. E. Strudwick headquarters at the NAII meeting: W. H. Kern, Howard A. Goetz, J. J. Schellie, J. C. Kunches, R. F. O'Connor, A. E. Strudwick, and J. L. King.

Kenneth O'Brien of E. K. O'Brien reinsurance office of New York, with Clarence Kenney of Allstate and John F. Idler of American Mercury

Commissioner Sam Beery of Colorado, president of NAIC, with Walter L. Hays, American Fire & Casualty, who gave a reception for visiting regulatory officials the first evening of the NAII meeting, and C. Lawrence Leggett, Missouri superintendent.

James Estes and William T. Fee of Employers Reinsurance flank Clarence Kenney of Allstate in the Employers Re headquarters.

Harry Parks Jr., Wilshire Ins. and Parks & Co. general agency of Los Angeles, and Kurt Hitke, head of the Kurt Hitke group of companies.

James Motl of Rural Mutual of Madison, with Carl Kirk, consulting actuary, Chicago, and B. H. Henderson of Employers Reinsurance.

Spalding Southall of NAII, a former Kentucky commissioner, with the present commissioner of that state, William T. Hockensmith, and Dudley Guglielmo of the Louisiana department.

John Nangle, president Utilities of St. Louis, with Mrs. Nangle and Lester R. Hill, president Wilshire Ins. of Los Angeles.

C. F. J. Harrington, executive vice-president National Assn. of Casualty & Surety Agents, in conference with A. J. Bohlinger, former New York superintendent and now with the New York law firm of Aranow, Brodsky, Bohlinger, Einhorn and Dann.

W. C. Searl, president Auto-Owners, at the Recording & Statistical display with John Diffenderfer of R.&S.

At the reception given by Walter L. Hays of American Fire & Casualty for commissioners and department personnel attending the NAII convention: Mr. Hays, Mrs. Hays, and Commissioner Rufus Hayes of Louisiana.

Rennie Offers 3-Way Approach To Voluntary Insurance For All Motorists

There are three possible solutions to the problem of providing a voluntary market of auto liability insurance to all classes of drivers, and each of the plans needs to be progressively developed, Robert A. Rennie, vice-president (research) Nationwide Mutual, told National Assn. of Independent Insurers in his talk as a member of a forum on cancellations at NAII's annual meeting in St. Louis. His address was entitled "The Role of Independent Companies in Expanding the Voluntary Market."

First, he said, better methods must be found to improve and enforce the driver licensing laws of the states. In Ohio, for example, it has been determined that more than 300 persons who are certified as totally blind on the rolls of the Ohio Department of Public Welfare hold valid driving permits. More effective machinery must be developed to remove such drivers from the road.

Second, flexible rating plans need to be perfected so that premiums vary more directly with each insured's risk attributes and accident experience. Members of NAII have been at the forefront of efforts to develop merit-demerit rating plans, Mr. Rennie remarked. Preferred Risk Mutual has had a merit rating schedule for many years. Nationwide General was organized in 1957, and is presently offering its plan in seven states and the District of Columbia. Allstate has introduced its "Good Driver Plan" in seven states in connection with its non-cancellation endorsement. State Farm Mutual announced in July a "standard risk" program to provide voluntary insurance to drivers who, because of age or driving record, would normally go into the assigned risk plan, and the company broadened its market in September to provide comprehensive and collision coverages to assigned risks who meet the necessary underwriting standards.

In Public Interest

This movement to expand the market through more flexible rating plans is "very much in the public interest," Mr. Rennie stated. It may be the only practicable way to secure more adequate rates for substandard business. In any event, it meets more fully the public's concept of equity in rates.

If merit-demerit plans will enable insurers to receive more premium income from marginal risks, the companies will be better able to furnish underwriting capacity, Mr. Rennie pointed out. Reasonable surcharges will help insurers to take a substantial number of the assigned risks on a voluntary basis. But once the full potentialities of flexible rating plans are exhausted certain classes of risks will not be voluntarily written by insurers at any "reasonable" rate levels likely to be approved by politically sensitive insurance departments or likely to be condoned by the general public.

So, as a third approach to voluntary coverage, a better solution must be found for distributing the cost of these risks equitably among insurers, he said. Originally, the assigned risk plans were designed to accomplish this purpose, but stringent financial responsibility laws, compulsory coverage and inadequate rates have caused the plans to mushroom, and to incur heavy administrative costs.

Mr. Rennie said he believes there are better ways of distributing the costs of substandard risks among the companies than through the assigned risk mechanism, but he listed five conditions for any new arrangement:

—The plan must permit private companies to compete freely in terms of rates and policy forms for standard business.

—The plan must permit companies to maintain their same relative expense differences.

—The plan must permit the companies to exercise complete freedom in the use of underwriting judgment as to the acceptance, rejection, or termination of business.

—The plan must provide adequate

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Chicago Life Assn. Takes Strong Stand On Standard Oil Plan

Standard Oil's credit card travel accident insurance plan has now acquired another severe critic in Chicago Assn. of Life Underwriters, which has a membership of more than 2,000 and is the second largest life association in the country, being exceeded in size only by New York.

The primary objection by the association is that it feels the selling of insurance by mail is a disservice to the customer. The association contends that the public is being deprived of the professional services of the life agent; the buyer cannot get the proper advice on the cover, or the limits or what they mean. The buyer usually cannot tell without professional advice if the price is right or if the coverage fits in with what he needs or if it is coordinated and integrated with his other coverages. These thoughts were incorporated in letters to Standard Oil and Bankers L.&C., the underwriting company.

Mail Reproduction

The initial move by the association is in the form of a broadside type reproduction mailed to the members containing copies of all correspondence between the association board, Standard Oil and Bankers L.&C.

Following explanatory remarks, the message with the broadside reads: " . . . Frankly, we don't feel that the replies have answered our questions. A letter has been written to Bankers L.&C. under date of Oct. 5, and we are awaiting their reply. Your association feels that the merchandising of travel accident insurance by Standard Oil is an unjustified and unwarranted invasion into the proper field of the life underwriter."

Two of the questions which the association asked the oil company and the insurance company are: "Who is the licensed agent of record in connection with each purchase of a policy?" and "To whom will commissions on each policy be paid?" The association board feels that the replies from Standard Oil have sidestepped a direct answer by referring the life agents to Bankers L.&C.

Tressler, Hagerty, Tyas Advanced By American Mutual Re

American Mutual Re has elected David L. Tressler executive vice-president, John J. Hagerty secretary, and Henry W. Tyas assistant secretary.

Mr. Tressler practiced law until 1942, when he became associate counsel of Security Mutual Casualty. In 1952 he joined American Mutual Re as claims manager and counsel and was elected vice-president in 1955.

Mr. Hagerty entered the business in 1938 with John Hancock Mutual Life. He joined Security Mutual Casualty's reinsurance department after World War II. Later he was with Reinsurance Agency of Chicago and in 1952 joined American Mutual Re as a casualty reinsurance underwriter and producer. He was elected assistant secretary in 1957.

Mr. Tyas after coast guard service in World War II was with Providence Washington at the home office. After service in the Korean War he was transferred to the Chicago office of Providence Washington. He joined American Mutual Re in 1955 as a fire underwriter.

Peerless Results Good At Three Quarter Mark

Peerless had an underwriting profit of $122,980 in the first nine months of 1960. Premiums written were $11,854,-675, an increase of 10.5% over the same period in 1959.

Net investment income was $578,440 at Sept. 30. Per share earnings were $1.28. Although reserve requirements and shrinkage in portfolio valuations brought surplus down to $7,879,206, this figure is substantially higher than at Sept. 30, 1959.

Answers Criticism Of Homeowners, Denies Selection Against Insured

J. S. Chidley, with Hartford Fire's southern department at Atlanta, has written in defense of the homeowners program.

The article in your Sept. 16 issue entitled "Homeowners Prime Example of Selectivity" provided much food for thought, and left me somewhat disturbed. A number of views were expressed in this article which, in my opinion, typify a rather muddled school of thought regarding dwelling package policies. I therefore advance some views in defense of the concept of homeowners with particular regard to the principle of the package policy.

The argument most often propounded against homeowners is that of selectivity: Selection by the companies against insured, and the ensuing violation of the basic principle of equity. Let us analyze the homeowners concept in terms of equity.

The dwelling business is class rated. A class is a group of reasonably homogeneous risks, which through similarity can be grouped and charged the same rate. It is impossible to achieve complete equity by this method as no two risks are identical in this exposure to hazard. However, as a general rule, the smaller the class the more similar will the risks be within that class, and the more equitable the rate. This principle is recognized in placing farm dwellings in a separate class and charging higher rates.

It is statistical fact that insuring dwellings for $5,000 or less is a losing game. This is true for two reasons. Dwellings worth $5,000 or less are physically sub-standard and as such are exposed to more inherent hazard. The better dwellings which are insured for this low amount are carrying insufficient insurance to value to contribute their share of the premium volume. Once this evidence of a poor loss ratio on low value dwellings is accepted, then the next logical step is the realization that the owners of better dwellings, which are insured to near value, are contributing a portion of their premium dollar to offset this poor loss ratio. Here is the inequity. The too broad class represents the universality of the law which needs correction.

The homeowners program is an attempt to remove this inequity by dividing the habitational risks into more clearly defined classes. At present owner dwelling risks are divided into three broad classes: Farm, homeowners and low value, each contributing to its own pure premium and standing on its own merits.

The second charge frequently levelled against homeowners is that the cost of the package decreases with broadening coverage, and bears no particular relationship to the combined costs of the equivalent separate coverages, the premiums for which at times increase. This, it is claimed, is an example of selectivity against insured trying coverage outside the package.

In connection with this view, it is frequently held that the main reason for the premium decrease is the saving of expense resulting from the package. Nothing could be further from the truth, and such a misconception typifies shallow thinking in regard to multiple line insurance. Companies undoubtedly do save in the costs by reason of the single code. However, these savings represent but a small amount of the over-all decreased charge for the package. The major reasons for the lower rates on homeowners are the elimination of adverse selection against the company and the incentive for insurance to near value.

Merits Of Package

The first factor applies particularly to the casualty coverages in homeowners. Prior to the inception of the package dwelling policies, the CPL was bought by the relatively few insured who foresaw the need for this coverage. The inclusion of this cover in homeowners has virtually eliminated adverse selection against the companies and has resulted in a much broader spread of risk. Such measures are bound to result in a lower loss ratio which should rightly be rewarded with a smaller premium.

The inclusion of medical payments coverage in homeowners has undoubtedly paid for itself in the number of liability suits saved by payments under this section. Better a $250 dog bite than a $5,000 jury decision with its attendant litigation costs. The lower rates on the property damage sections of homeowners are irrevocably tied to the concept of insurance to a high percentage of value. This desirable state of affairs is encouraged by the 80% requirement for replacement cost benefits, but it must be made clear to producers that the lower rates are directly tied to a reasonable insurance to value ratio and that every policy written in violation of this concept lends weight to a possible rate increase.

Once the reasons for the lower rates of the package policy are known, it should be clearly seen that the lack of

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Hanover, Mass. Bonding Merger Off; Hanover Keeps Stock Interest

Hanover's announcement last week that merger negotiations had been discontinued with Massachusetts Bonding marked the second time that a large block of the latter's stock remained in the hands of other insurer interests after affiliation moves failed. Last February, Worcester Mutual Fire and other interests allied with State Mutual Life acquired 30% of Massachusetts Bonding stock in an attempt to acquire the company.

After court action blocked this plan, the Worcester Mutual interests sold the block to Hanover, which subsequently opened merger talks with Massachusetts Bonding. Although these parleys collapsed, Hanover retains the 30% stock interest. Any further affiliation moves, if contemplated, would have to be by other than the merger route.

Phoenix Of Hartford Names Three In Midwest

Phoenix of Hartford has appointed James C. Aldridge special agent at Peoria. He was formerly special agent of American Surety in Nebraska and Council Bluffs, Ia. He will be associated with H. Marshall Schlick, state agent.

Charles R. Johnson, special agent at Milwaukee, has been transferred to Minneapolis where he will handle inland marine. He is succeeded by Francis E. Bruns, who joins the company as state agent at Milwaukee. Mr. Bruns was formerly state agents of Springfield F.&M. in south and west Wisconsin.

Sovereign Surety Change

Sovereign Surety of Nashville has changed its name to Federal Security Ins. Co. Carmack Cochran, Nashville attorney and president of Nashville Transit Co. has been named chairman. Buford Dreaden is president.

Roy M. Niel, Nashville industrialist, has been named senior vice-president, and Jesse Saffley, farm adviser to the Nashville Banner, secretary-treasurer.

Stock in the company is held by approximately 1,500 persons throughout Tennessee. This distribution of stock will have a favorable effect on the company's distribution, especially of homeowners, according to the president. A promotion campaign is being launched to expand business.

South Carolina has extended the effective date of the renewal part of the new assigned risk plan to Dec. 1.

Model Surplus Line Bill Fails To Draw A Word Of Praise

(CONTINUED FROM PAGE 1)

Insurance Consumers Advisory Committee. There cannot be much doubt that the commissioners took heed of the words of these large users of the insurance product in a variety of industries and businesses from many places across the country. A dozen or so of the buyers were on hand in person, all with an argument against the proposed bill. The cumulative effect was most impressive.

Charles H. Groves, Colorado Fuel & Iron Co., was the guiding hand in organizing the buyers and producing their show of force. One wonders what some of the present insurance laws would be like if this had been done before. It is one thing to have a broker say what his customer wants and quite another to hear it from the customer himself.

Mr. Groves was in England recently, and while he was there the subject of the proposed non-admitted insurers bill came up. What he heard concerned him enough that immediately upon his return he organized a committee of opposed buyers. This group met all day before the Magnusson committee hearing, planning strategy. The men involved had little chance to study the bill, but they managed to pick out a number of sections they felt to be objectionable—and they made themselves articulate about them.

Credit for writing the bill was being offered at the committee hearing to Julius Wikler, former New York superintendent and now a special counsel to NAIC. Mr. Wikler was at the head table. However, it is understood he had, to say the least, some outside help in drafting the proposal. Its sponsorship was not made altogether clear. During the discourse of Mr. Hubbard, Mr. Wikler offered a few explanatory observations, thus placing himself in the position of being the sole person in the room who was overtly interested in the bill on the affirmative side.

Mr. Hubbard was the first to be heard. He submitted what he described as a "voluminous statement" in opposition. He said the bill would put all of the companies in his organization out of business, this being a fact which Mr. Wikler "must have known."

Throughout Mr. Hubbard's argument there was carried on a running battle of asides between him and Mr. Wikler. To the statement that he knew he was ringing the death knell of the mail order A&H companies, Mr. Wikler said Mr. Hubbard was "seeing things under the bed." Mr. Hubbard said he hoped he was, but his companies would be "just as dead" whether it was intended they be or not.

It is intended that A&H, life and annuity companies be excluded from this bill, Mr. Wikler explained. To this Mr. Hubbard replied that the state legislatures might very well eliminate such exclusions, "and if the bill is bad for us, it's bad for others and bad for the public."

None of his companies are surplus line, Mr. Hubbard noted.

The exclusion of the A&H companies was "inadvertently omitted" from the draft of the bill, Mr. Wikler interjected, asking Mr. Hubbard why he continued to belabor the point.

Because the bill is wrong in principle, Mr. Hubbard answered. He said he was speaking to the bill as it now is, and he would like to see all the objectionable material removed from it in addition to having an exclusion for A&H companies. He objected to annual reports of surplus line business as "unnecessary" and particularly to the provision which he said prohibits a company from soliciting business by mail without a license in each state where the mail is sent. If this restriction can be imposed on other companies, it can happen to his companies, Mr. Hubbard declared. He told Mr. Wikler there was nothing he could do to guarantee that some state wouldn't remove the A&H exclusion.

There is no problem or emergency requiring such legislation, Mr. Hubbard argued. He said the bill is an unconstitutional attempt to tax or destroy interstate commerce. Passing a law of this kind won't cause regulation to improve where improvement is needed, he added. The very states that won't pass the law are the ones that aren't doing the job in the first place.

He pressed the question of constitutionality of the 3% premium tax, and said the bill imposes a burden on interstate commerce and sets up restrictions that are discriminatory. In the case of his companies, they are required to do the impossible—to be licensed in all states in which they do business when, because they are assessment insurers, they can't get licensed in most states. This is an unlawful exercise of police power, Mr. Hubbard charged.

During the course of his remarks, Mr. Hubbard sometimes raised his volume to a level that was more appropriate to an audience several times the 60 or so persons in the room. Once Mr. Wikler commented on it, and Mr. Hubbard said, "I know—I get excited about things like this." At another point Mr. Wikler said, "If you continue, you'll wake up McKinley." Mr. Hubbard indicated he thought worse things could happen.

The opposition of the large buyers was led off by Mr. Groves, who read telegrams and letters in support of his position from R. L. Jacobus of Ford Motor Co., R. S. Jury of General Telephone and Electronics, and W. R. Seaton of Ashland Oil. Those taking part in person began with William Osman of Farm Products Co. of New York who said he objected to the section prohibiting acting for or aiding non-admitted insurers. To a company doing an international business, this could mean it could not avail itself of the services of a broker for its U. S. coverage. Bills of this kind, he added, have been "complete failures" when they were enacted in such countries as France, Italy, Argentina, etc. If passed in this country, he predicted there would be a notable outflow of premium money from the U. S.

T. J. Byrne of Acme Steel wondered if the "controls as described in the bill . . . would not stifle competition so as to invite federal intervention." The word "uniformity," he observed, implies a wish to have the identical legislation enacted in all states, and if that is so, "wouldn't it be better that it be sponsored by the federal government?"

Garrett Foley of Humble Oil urged that there be no hasty action. He sug-

gested that small buyers of non-admitted insurance be heard, such as small oil contractors who, he said, could not exist without non-admitted cover.

Suggests Additional Exclusion

Mr. Groves interrupted his committee's presentation to say he had just heard the whispered suggestion that if the bill was to be amended to exclude life and A&H, all the problems could be solved by excluding fire and casualty, too. This drew a laugh or smile from everyone but Mr. Wikler, who refrained from commenting on anything once Mr. Hubbard finished.

Casimir Z. Greenley of International Minerals & Chemical wondered at the speed with which the non-admitted problem is being approached.

William Kersten of Continental Airlines, noting that airlines are exempted from the bill, was curious whether restrictive legislation on the non-admitted market would not cause it to tighten up to such an extent that the airlines would suffer indirectly.

C. J. Looney of Shreveport Gas Co. said if his company and many other buyers couldn't go to the foreign market for insurance "they would be in a hell of a shape."

Dr. Groves summed up the buyers' case by saying it is felt the bill is too restrictive and would do the opposite of what is intended.

A 21-page statement of the position of National Assn. of Insurance Brokers was entered in the record by Barclay Shaw, NAIB counsel. It contained a number of suggested amendments. Mr. Shaw commented that it would be "most unusual" if the recommended draft were to be adopted at the December meeting in New York.

F. D. Crum of the Florida department said his state has a law similar to the one proposed; in fact the Florida law was a model for the present draft. There have been no complaints from industry or the public in the year the law has been in effect, he said.

C. F. J. Harrington, executive vice-president National Assn. of Casualty & Surety Agents, said the bill is too restrictive, contains too much discipline and would be expensive to administer and to those it regulates. "I urge you to take it easy," he said.

Cooper M. Cubbedge, vice-president National Assn. of Insurance Agents, offered the comment that any law should not be so restrictive as to tie up the agent or broker unduly in the placement of coverage. There is no need for a uniform law if some states have satisfactory legislation already, he added.

R. K. Ritchey, representing American Mutual Insurance Alliance, came closest of any of those who spoke to endorsing the bill. He said any bill should encourage use of the domestic market but allow ready access to the foreign market. A listing of qualified non-admitted companies, he observed, would lend an aura of regulation that doesn't exist. He suggested the section on diligent search for capacity should provide that the domestic companies have a chance to look at the affidavit and see if, in fact, there isn't a domestic source of supply the agent or broker might have missed.

Herbert C. Brook of Lord, Bissell & Brook, Illinois attorneys-in-fact of London Lloyd's, reminded the committee that Illinois Surplus Line Brokers Assn. has submitted a statement in opposition to the bill.

Patrick Fitzpatrick, representing Insurance Service Assn., said he has "grave reservations" about the impact of the bill on interstate accounts that must have access to the non-admitted market.

Commissioner William Hockensmith of Kentucky offered the observation that "Kentucky has enjoyed over the years a wonderful relationship with Lloyd's of London," Lloyd's is licensed as an admitted insurer in Kentucky and Illinois.

Mr. Groves had the last word. He said the people at Lloyd's were most reluctant to discuss the bill and thus intrude themselves on the American scene; but what comment he could get indicated that those at Lloyd's feel the bill is so restrictive that it would deprive them not only of non-admitted business in the U. S., but the direct as well, leaving only reinsurance. This would create a serious market situation here, he remarked.

Mich. Report Cites Expanded Activity

Michigan's insurance report released by Commissioner Blackford, reveals that insurance activities in the state are still greatly expanding.

For the fifth consecutive year residents paid in excess of $1 billion for insurance protection. Premiums paid for all types of coverages in 1959 alone totalled $1,400,591,595, an increase of approximately $135 million over 1958.

The number of companies licensed and regulated by the department increased in 1959 from 849 to 861 at year end. This increase was the result of 31 new licenses being issued, 15 mergers of licensed insurers, and four companies retiring from the state. From Jan. 1, 1960, through Oct. 19, 1960, an additional 18 companies were admitted for a current total of 879.

The collection of taxes and fees showed an increase of $1,697,376 and for 1959 reached a new high of $21,921,668, while the proportion of such income devoted to collection and all types of regulatory administration continued to decline, moving from 1.75% in 1958 to 1.73% in 1959.

The forceful impact of this business is best illustrated by the fact that licensed insurers in 1959 paid Michigan residents $754,031,151 in benefits. According to department estimates, life insurance in force covering all residents of the state now exceeds $24,500,000,000.

Pittsburgh Club Elects Hankey 35th President

Officers of Insurance Club of Pittsburgh were inducted at the club's 35th annual meeting and dinner by Charles H. Bokman, resident vice-president of New Amsterdam Casualty.

Mervin H. Hankey, resident vice-president of American Casualty, was elected president, succeeding Paul K. Garver, America Fore Loyalty group. John R. Morrow of the J. G. Beck agency, was elected vice-president; Dick L. Moorhead, manager of Boston, secretary; and Milton M. McNeill, special agent of Hartford Fire group, treasurer.

Directors elected are Lewis M. Eisaman, manager Hartford Accident; Thomas J. Goodwin manager, Commercial Union group; Paul D. Hogan of the Kelly & Hogan agency; Thomas B. McNamara, branch manager General Accident; Charles A. Reid Jr., president Wallace M. Reid Co.; and Joseph C. Salamon, special agent Reliance.

Md. Driver Training Scored

Paul H. Blaisdell, director of special activities of Insurance Information Institute, says that efforts to reduce the accident toll on Maryland highways and streets are being dangerously hampered by an effort to eliminate driver education from the secondary schools' curriculum. In an address to Maryland Federation of Women's Clubs, he noted that 20,292 of the Maryland drivers involved in 54,775 accidents during 1959 were under age 24. During the school year ending last June, 98 out of a potential 180 public secondary schools in Maryland offered a driver education course. Only 70 of the 98 schools offered a driver education course up to national standards, Mr. Blaisdell said.

Adjusters Hear Fishing News

Adjusters' Assn. of Chicago heard a report on fishing in Wisconsin and viewed a sports film at the October meeting.

Matson, Bawden Retire From UL

A. F. Matson, managing engineer chemical department for Underwriters' Laboratories at Chicago, has retired after 41 years in that department. Claude Bawden, inspector at Columbus, O., is also retiring after 28 years in the label service department. Mr. Matson is being replaced by E. N. Davis.

Mr. Matson joined the corporation in 1919 as assistant chemical engineer and was named head of the chemical department in 1946. He is the author or co-author of 10 different articles or bulletins of research.

Mr. Bawden began his career in public safety with Ohio Inspection Bureau in 1920. In 1932 he joined Underwriters' Laboratories as an inspector at Mansfield, O. In 1936 he was transferred to Youngstown and in 1950 to Columbus. In 1953 he was promoted to supervising inspector of the Columbus area.

Mr. Davis joined the corporation in 1937 as a rubber research chemist and was promoted in 1954 to inspection control managing engineer.

Aetna Casualty Raises Rupert At New Orleans

E. Eugene Rupert has been named general manager of Aetna Casualty at New Orleans. Appointment of Mr. Rupert, who has been manager at New Orleans since January, comes in connection with the unification of the company's casualty, fire and marine insurance operations there.

Mr. Rupert joined Aetna Casualty in 1947 at Philadelphia, and subsequently served as superintendent of the agency department at Richmond, and manager at Reading, Pa., for four years prior to his assignment to New Orleans.

Honsch At White Plains For London & Lancashire

London & Lancashire has appointed Paul Honsch senior special agent and office manager at White Plains, N. Y. He succeeds William R. Manley, who has retired after 35 years with the group.

Mr. Honsch joined the group in 1939 and was in the underwriting department for 16 years before being named special agent five years ago.

Notes Lack Of Company-Agency Rapport

(CONTINUED FROM PAGE 17)

sociation during the past year on behalf of the agents:

—NAIA recorded its apprehension of possible dangers involved in the proposed fire-casualty rating law for the District of Columbia, which if generally adopted in other states could result, in the opinion of many, in chaotic conditions in the business.

—Passed the resolution: "Resolved that the action of Standard Oil Company of Indiana in soliciting accident insurance from its credit card holders is detrimental to the business of insurance agents and not in the public interest. The National Assn. of Insurance Agents believes that the insurance policies can be better sold and serviced by local, independent agents and goes on record as being opposed to this program. Therefore, the National Assn. of Insurance Agents requests the Standard Oil Company of Indiana to discontinue this practice at once."

—Recognized the fact that a comprehensive survey of NAIA membership conducted by a special committee indicated that over 50% of NAIA membership is using or contemplates using direct billed and continuous policies.

As to the future, Mr. Mullins said it holds even more changes than the past and they will come about quickly, especially so if more and more companies continue to go independent, each with its own forms, coverages and rates. This, plus such changes as would inevitably result from general adoption of rating laws patterned after those proposed by the District of Columbia, would all combine to "bring about chaos in our business and particularly for you and me as agents."

Answers to problems met and solved by the Illinois association have not always been to the personal liking of Mr. Mullins, nor, probably, to all the rest of the association, he said, but the solution generally reflects the best judgment of many conscientious, hard working agents whose long-range objectives "are the same as yours and mine."

"It is difficult to be objective and seek solutions to those problems which require some sacrifice on ones own part," he declared. "I believe, however, that the agents and the agency companies must always be mindful of your partnership relation and accept the responsibilities as well as the fruits of that partnership.

"In my opinion, the deterioration of agency-company relationships during the recent years eliminates all other aspects of our association responsibility as our number one problem. I sincerely feel that there has been evidence of improvment in this area. So far as I am able, that will continue to be my objective. . . "

Advocates Continued Efforts

Advocating continued efforts toward improvement of agency-company relationship, the speaker said, "Many of us who have worked hard to accomplish our small bit in this respect have been frequently dismayed at the seeming lack of interest on the part of our companies in assisting us. I know of no other business in which those who plan the product pay less attention to seeking sales helps from their sales force.

"You and I, meeting the buyer every day, trying to sell policies which all too frequently we cannot endorse too enthusiastically, are very rarely consulted before we are given the finished product to merchandise."

A few years ago, two or three companies experimented with the idea of their top-level executives conferring with a selected few of their own agents, said Mr. Mullins, but to his knowledge none are doing it today. Fruitful results could also be obtained by conferences between committees from agency groups meeting with companies and bureau representativs of executive status. "Our own Mid-West Conference Committee meetings have, for many years, demonstrated the desirable results of such meetings, but there should be many more similiar conferences," he said.

On the national level, progress has been made in this direction through meetings of the chairmen of the five NAIA technical committees with bureau and company representatives, Mr. Mullins noted. He closed with a strong plea for all members to support the Big I advertising program of the national association.

Set Hearing On Blue Cross Rates In Watertown, N. Y.

A public hearing will be held Nov. 22 on the application of Watertown, N.Y., Blue Cross for rate increases ranging from 55.2% to 66%. Deputy Superintendent Samuel C. Cantor of New York will preside.

The filing seeks to include coverage of children from day of birth, and to increase maternity benefits from $80 to $120, and partial benefit days' allowances from $6 to $10.

The rate increase would be effective Jan. 1 on group and direct pay contracts both for individual and family coverage.

Debate Sparks, But Doesn't Solve Insurance Issues

(CONTINUED FROM PAGE 8)

tition obviously will lead to inadequate rates and unsound underwriting. It is more important that honest claims are paid and sound protection afforded than it is to devise trick forms at reduced rates to attract policyholders. At the time of loss no policyholder is talking about the reduced rate or the fancy provisions. He wants to know if insurer can and will settle claim.

Mr. Stake thinks that retention of the auto market by private insurers will depend on the industry's ability to apply trend and projection factors to rate making. Competitive devices will lead to governmental operation.

Here To Stay

Mr. Levy said merit rating, non-can, and other competitive programs are here to stay. What he wants to know is what his companies are going to do about them. The direct writers have convinced the public that there is a reason for differences in rates, that one driver is better than another.

He recommended that company officials get to work on a national TV program, a public relations and advertising plan. The agency insurers have suffered from lack of vision; they have refused even to discuss a national advertising promotion.

Mr. Landis said that to keep government out of the auto insurance business, unstifled competition must be encouraged. He knows of no plan or discussion of putting a fund into the business. The substitution of compensation for the negligence system is not an effort to put the government into the business.

Will Lead To Failures

However, wide open competition inevitably will lead to state funds, he believes. It will also lead to bankruptcies. The public ought to be informed about these facts of life—using information offices to do so. Merit rating, non-can, and the like, "within reasonable limits," are efforts to find the answer to competitive problems.

2. Electronics, with policy writing and direct billing by the companies, are a necessary progress in fire and casualty. They need not interfere with the independent status of the agent but may affect the ownership of expirations. Is the ownership of expirations essential to independence?

Mr. Foster said electronic production of policies and bills need not affect expiration ownership.

Mr. Kelley said ownership is essential to independence. Every agent should have in his contract that the expirations belong to him. With direct billing he loses some of his independence. That is because it becomes so much more difficult to transfer business from one company to another. Today, with many auto plans, the agent has to get a signed application from the insured plus a check.

Companies that have recognized the older system and that have therefore formed new subsidiaries to write the policies and do the billing have been realistic about the fact that some agents have it made and others are hungry, he observed.

Lose Contacts Anyway

A greater use of electronic equipment is inevitable, Mr. Stake said. Only the short-sighted would oppose savings by electronics. Agents say they lose contact with policyholders. But they lose a lot of contacts with policyholders because they stay in their offices to spend time on paper work and procedures. True ownership of expirations is necessary to independence, but that depends on the loyalty of policyholders and the service the agent has rendered.

Mr. Foster believes that all agents should continue to own their expirations. Electronics, he added, do not constitute the cure-all of all of the problems in the business and should be approached with caution.

Electronics Necessary

Mr. Levy believes that electronics are necessary, more so for fire and casualty than other lines. Money is being wasted by poor company management, he said. That management is not all wrong but is wrong in certain phases. In other businesses the duplications of effort are rooted out and machines are used to cut costs.

In insurance, however, he declared, the companies run to the departments and cry that rates are too low. Rates are too high. Expenses force insured to pay padded premiums. Insured are becoming conscious that they can get more insurance for the same money.

Cutting commissions is not the way to save money, Mr. Levy said. Agents are having a tough time making a go of it. All policies should be written by the companies at the home or branch office. The saving of storage space alone in an agency would make a lot of difference in its costs. It would also save clerical costs. Direct billing should be installed. He said he wants to get out and produce—otherwise he can't give the customer the benefit of his knowledge of the product. After all, the customer doesn't want to buy the agent's clerical skill.

Homeowners

3. The fire and allied lines dwelling business has become a package subject to mass marketing and will be sought as vigorously by independents as was automobile. Consequently, only a highly competitive product will retain a fair share of the market for bureau companies.

There is no doubt that the competition for dwelling business via package policies has intensified, Dr. Overman said.

Mr. Landis said he doesn't believe, however, that the business can operate without some degree of stability, which means some regulation and control. Private industry simply doesn't have the restraint necessary to avoid the excesses that lead to bankruptcy.

Mr. Kelley said he favors the bill of National Assn. of Independent Insurers. However, that doesn't mean unbridled competition. It has standards in it. But companies can file and use rates and coverages at once.

The direct writers already are after the dwelling business. Bureau companies are going to continue the fight for homeowners. However, he thinks that the surplus depletion that has been going on via the stock market decline may slow down the fight—but it will not stop it. The fight may mean a commission reduction. Today, he added, the agent almost has to be psychoanalytical to pick the right form for insured.

4. The classic rating bureau approach is essential to a sound and orderly system. To abandon it is to invite chaos and insolvency. A modifi-

cation to liberalize competitive forces may be in order, but a national statistical organization such as has been proposed would not maintain sufficient order in the business to protect its welfare.

Mr. Smith said that there is great fear that unregulated, open competition will eliminate the smaller companies and that only large, well heeled insurers can survive. Power will become more concentrated in fewer companies, which then will write the ticket. Agents will exert less influence.

Mr. Foster said he believes that if a norm is not maintained, there can be no independence. If most companies stick to the norm, there can be minority deviation. But if most companies go independent, there will be no freedom left.

Depart At Any Time

Under the proposed bill in D. C., insurers can depart from a filing at any time. This is "no regulation." He hopes the bill doesn't become the model for the country. Smaller companies need bureaus because of cost and to maintain order. There is a tremendous need for the bureaus to maintain a standard of coverage under which, in turn, case law is built up on which underwriters can rely.

Vs Status Quo

Mr. Landis said that if by "classic" is meant the preservation of the status quo ante 1944, then he is against it. A substantial change in rating bureau approach is long past due. If the real intent here is to seek a better way, there are enough brains in the business to find that way. The suggested single national statistical organization is indicative of a solution that will be enough to meet the problem.

To go to a net rate would be against the agent's welfare, Mr. Stake said. To permit deviations or independent filings based solely on expense is to the disadvantage of agents and the small companies.

Dr. Overman said that the business too often sells too short the competitive factor in the business. If there are accurate statistics, companies can make the right decisions. The trouble today is that rates have been reduced on insufficient or improper data. It seems likely that competition will be relied upon more as a rate making factor, but this can work only if correct and sufficient statistics are available.

Mr. Smith said that if Allstate makes a lot of money in Aurora, Ill., but State Farm loses money there (which is not an unusual situation), and in a nearby city the positions are reversed, rates reflecting the experience of each will leave one company writing all the business in one place, the other all of the business in the other community.

Now, however, the conditions are changed because the one company will get the bad business with the good. The theory of a national statistical organization to make the proper rates requires reliance on the law of averages, a theory that has worked so well in the life business, a single mortality table.

Auto Compensation

5. Auto rates have become acutely subject to political and competitive pressures, so much so that ultimately a compensation approach will be essential to sound underwriting by the private insurance business.

Mr. Kelley said that before advocating a compulsory approach, there is an intermediate step—to assess the value of contingent fees paid attorneys. That amounted to more than one-half billion dollars last year. Defense attorneys got half that. Approximately 1% of the attorneys of the country are running up such contingent costs. U. S. is one of the few countries that permit contingent fees. If contingency fees are not reduced, controlled or eliminated, then the compensation system is likely to come.

Compensation is not necessary, Mr. Levy thinks. What is needed is public relations. The business should change the public understanding of insurance and the purposes of the companies and premiums.

Dr. Overman said he was not as optimistic about educating the public as Mr. Levy. The jury is composed of private citizens with no legal background, influenced by emotion. The dilemma the business faces is not going to be resolved by PR. He said he is opposed to the gross inequities in jury awards.

Mr. Foster asked Dr. Overman if

Sue Over Ban On Credit A&S For Buyers Of Autos

Two Washington auto dealers have field suit in District of Columbia court for an injunction against new insurance department regulations prohibiting financing of credit A&S on installment sales of cars.

Discount Motor Sales and G.&L. Inc. stated in their petition that by prohibiting such coverage the rules bar a popular type of insurance designed to "protect the purchaser from the mental and financial strain of losing his vehicle in the event of inability to meet payments due to accident or sickness."

his pessimism about public education had anything to do with the fact that he was an educator, a question Dr. Overman refused to answer on the ground it might incriminate him.

Mr. Foster is utterly opposed to the compensation system. All men should pay for their own negligence, he said. There are vast differences in the equities. The loss of a finger would be appalling for Arthur Rubinstein, but would not much affect the earnings of a salesman—or underwriter.

All Purpose Adviser

6. The agent of the future will be an all-purpose adviser, offering package property and liability insurance, package life and A&S, and selling mutual funds. This means ultimately that the average agent will represent only one large company offering all of these lines.

Mr. Landis doesn't believe that all insurance will be sought for in the same way that legal and medical advice is sought. Perhaps the agency will sell all insurance needs to one account but the agency will have specialists. The trend won't require the agent to represent a single company but will require him to represent considerably fewer companies than he does today.

If he represents only one large company, he'll lose his independence, Mr. Stake said. He thinks this would be a loss to insured. This product is preventive—insured can't buy it at the time of loss. The agent can't advise insured on a loss if he has only one company.

Dr. Overman observed that the trend is in the direction of all lines marketing. Packaging is moving the business and insured in this direction. Packages are being marketed presently that contain life. He noted that at a New York state agents' seminar a year or so ago one man indicated he was selling mutual funds. A year later 35% of the agents at the seminar said they were doing so. Dr. Overman thinks the specializing will be in the direction of personal lines or in commercial lines.

Doesn't Have Time

Mr. Levy would like to sell all these things but doesn't have time enough to sell all the fire and casualty he could. The agent today has more administrative duties than the average company president. He has to run the office, handle claims, and keep up with coverages—80% of his time is spent on "doing the company's work." Unless the companies start doing their own work for a change, this question is silly.

Mr. Foster commiserated with the single agent agency or partnership of two. In view of all the changes going on, he doesn't see how they do it.

7. Commissions are essentially a matter of supply and demand. Accordingly, agents and companies are advised to avoid concerted action such as the California suit, the statutory action taken in New York, and the tendency of companies to follow each other in fixing commissions.

Mr. Stake said the California action and New York law play into the hands of the specialty companies. Individual commission negotiation is better for companies and agents.

What is needeed is a better base for judging what agents deserve in the way of fair compensation, Dr. Overman said. Accurate statistics are needed on cost and pure losses.

Concerted Action

Concerted action by agents is detrimental to the better agent, who has no freedom to negotiate an individual contract that would mean more to him in the long run, Mr. Kelley said. The professional agent is much better off bargaining for his earnings. He recalled that 75 years ago Aetna Fire paid 10% on commercial fire in Iowa. What if agents had frozen commissions then?

Commissions are not governed by supply and demand, Mr. Levy said. He said the agent doesn't have trouble with fire companies because there is plenty of fire capacity. But there isn't enough capacity in casualty so agents are suffering. He said Louisiana agents were handling workmen's compensation at a loss with a 5% commission. A five point cut in auto commissions, the way the auto business is distributed in Louisiana agencies, means a 56% decrease in take home pay for stock agencies and more for mutual agents.

Ability To 'Get By'

"If the companies can't get by on their take home pay, how can we?"

Nearly anyone who is warm and able to sit up can talk a company into agency representation, Mr. Landis observed. Concerted action by agents or companies can only result in the dillemma labor and management find themselves in today. The government would have to step in with enforced restraint. Self restraint is needed by both sides. Eventually the consumer decides.

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National Industrial Conference Board has reelected to its governing body, William B. Buckman, manager of the research department of Assn. of Casualty & Surety Companies, and William Bernhard, deputy general attorney of General Accident.

Executives Tell Adherence To Agency System; Nail False Issues

(CONTINUED FROM PAGE 2)

plant, equipment, personnel and the agency plant. There is no company of which he is aware which could reverse its position and start over again on another basis. It would lose an enormous proportion, certainly 80% or more of its premium income.

Mr. Baldwin asked the agents if they would place business with such a company. Without this income the company would wither, services would have to be curtailed or abandoned, and it would find itself in a vicious circle where curtailing of services would affect production which in turn would require further curtailment of services. The company would have to start all over again and it would be years before it could match its present premium volume even if it were successful, which is highly doubtful.

Mr. Mann declared that the joint problem is how will companies induce an increasing number of people to buy their product from agents. The answer is fairly obvious. Companies must make the product better and the price more attractive. Agents must make the sale better and the service more meaningful. The solution of this problem will require that the agent arrange his affairs so that he spends much more of his time as a salesman.

"Unless we can offer our products to a materially increased number of prospects, we cannot possibly compete with those who do," Mr. Mann said. No amount of advertising on television, radio, newspaper, or elsewhere will do the job. Advertising will help pave the way but the customer must be seen to be sold. Fortunately for the future of the system, he continued, this fact is being increasingly recognized.

Mr. Mann has no disposition to criticize the agent who has an adequate income, feels he can hold his business, and who, because of family or other considerations, is not interested in perpetuating his agency after he has left. This is why in the development of the automobile special policy program the agents are given a choice between adopting the new or clinging to the old.

Need For Active Agents

But what the agency system must have if it is to acquire and maintain its share of the total market is representatives who will energetically carry the sales message to the public. The system cannot grow if it waits for the buying public to come to it. The recognition of this truth is evident through the activity that is now going on by ambitious agency owners to bring into their agencies young men to make that sales effort. It is also why companies are accelerating what they have always done: Attempt to strengthen their agency forces through the recruiting of new young agents. One of the greatest weaknesses of the system has been the lack of enough agents to service the market, especially in those areas which the direct writers have exploited.

The most serious competition comes from those who can spend 50 hours a week selling a branded product with which they are clearly identified and for which they have no responsibility but to sell, Mr. Mann emphasized.

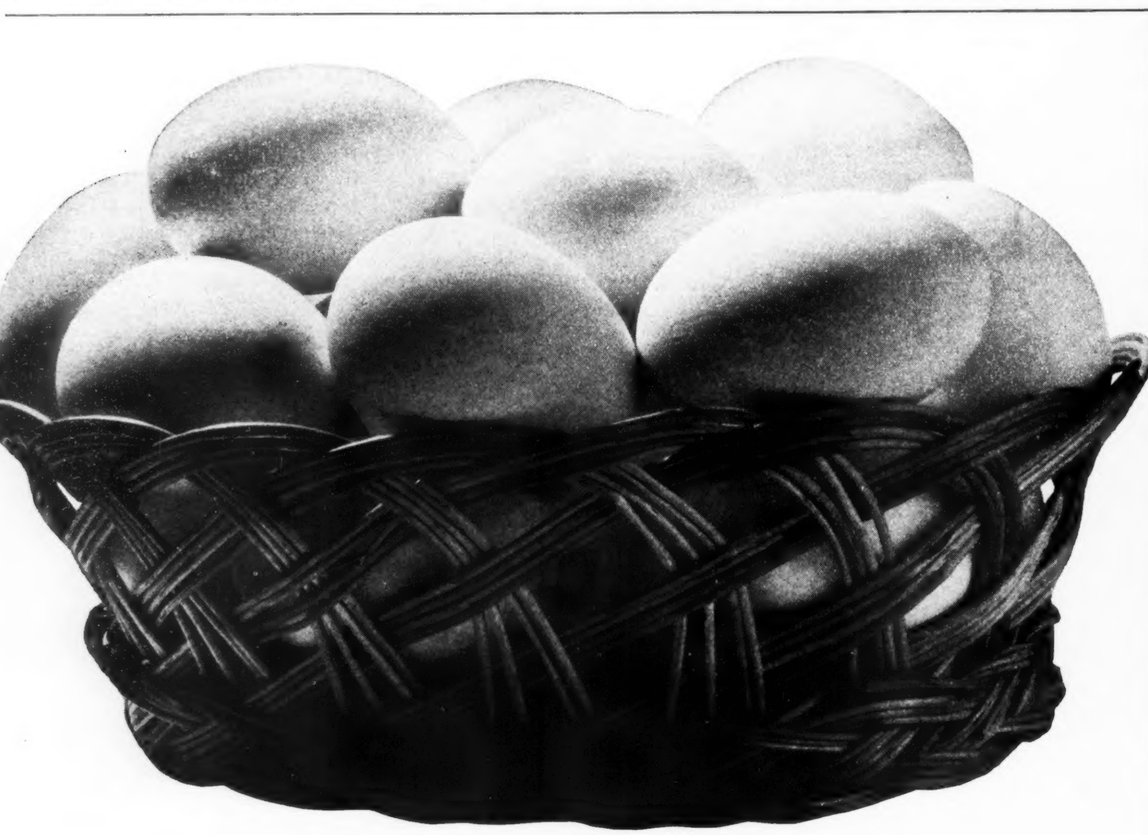
There is encouraging evidence that companies can count on the willingness of agents to accept their underwriting responsibilities. Companies recognize that no matter how carefully underwriting rules are laid down, there is no real substitute for the application of underwriting judgment by the informed and discerning agent at the point of contact with the risk.

Underwriting Information

It is encouraging in considering the subject of future company-agency relationships to see the trend toward a willingness on the part of agents to inquire into and get the essential information that enables a company to properly classify and rate a risk. It is no secret that in great measure the underwriting success of the direct writer is due to the full and complete information obtained through their applications, Mr. Mann declared.

He is also encouraged to see that there is less and less disposition on the part of agents to favor one company for commission or rate reasons, with their cream business, while pushing off on other companies the substandard business which cannot be placed at such differentials.

Mr. Mann admits that the recent introduction of a variety of new forms and new rating plans in both the property and liability lines has created some chaos or confusion in both agency and company ranks. But these innovations have been undertaken in recognition of the serious marketing and underwriting problems over an extended period of time. Not too long ago it was not uncommon to hear agents say that company management was reactionary and wedded to the status quo. He has not heard this view



expressed recently, and he doubts that there will be a development in the company-agent relationship which "puts that shoe on the other foot."

Public Decides

A great encouragement for the future is the companies' determination to equip agents with more modern and competitive products, both as to coverage and price, developed as market needs seem to demand. This has and will continue to require that both the companies and the agents squeeze every possible penny out of the expense portion of the premium dollar without a material reduction in services. Both company expenses and commissions must contemplate adequate compensations to both parties, but they must reflect a rate which the public—not the companies nor the agents—will recognize as reasonable compensation.

While the structure of a rating formula requires arithmetic treatment of the factors of administrative and acquisition expense, there has not been nor will there be collaboration between companies in the commission to be paid. That is a matter of individual contract, and there is an increasing disposition on the part of companies to discuss individually with their "good" agents matters of this type before action is taken, Mr. Mann declared.

Joint Failure

Mr. Martin believes that the greatest omission on the part of the agency companies and many of their agents has been a failure to recognize what the public wants. Failure to sense the public's desire for lower priced, mass-handled auto and other personal coverages permitted the direct writers to capture 40% to 50% of the more desirable auto customers.

Failure to offer, until recently, a competitively priced optional auto product has resulted in a serious deterioration in agency-company relations. For 10 years, while many sincere people on both sides debated the related yet subordinate issues of direct billing, continuous policies, and lower gross commissions (but not necessarily lower "take home" pay), many millions of insured and hundreds of millions of premium and commission dollars were lost by the independent agency companies and their agents. "While we talked and debated, the direct writers and their kind laughed all the way to the bank," Mr. Martin said.

Fortunately, an end to intramural argument and misunderstanding is in sight. It has been generally agreed that companies are not trying to take over the agents' expirations, and agents now have a competitive auto policy to get back the lost business. Mr. Martin hopes it is not too late.

Complaints Justified

He conceded that there have been policy and rule changes which, at times, swamped agents. Agents' complaints are certainly justified, as are the companies'. All of these misunderstandings, whatever the cause, seem to have mushroomed and reached a climax in the last year or so. But he believes the worst is over and there will be a lessening of tensions. This means that agents and companies can pick up the pieces and do the job that has to be done to make up the lost ground. The partnership is sound, and none of its problems is insurmountable, Mr. Martin concluded.

Mr. Kuenkler noted that companies and agents were pleased when market research studies confirmed that the public preferred to deal with an independent agent. However, they underestimated the effect that price had on this preference. To a large segment of the public, a comparatively small difference in dollars decided whether business was going to the independent agent or to the direct writer. Also, the direct writer salesman-employe was and is required to ring doorbells during the day and evening, regardless of previous volume produced. The "Johnny-Come-Latelys" have out-planned, out-sold and out-underwritten the agency system until they insure more than 10 million automobiles and write more than $700 million in auto liability.

The agency system found itself in a dilemma as a result of the direct writers skimming off much of the cream, leaving agency companies more than their share of the less desirable business. As they felt the effect of this adverse selection, rates had to rise to offset and help correct the underwriting losses that resulted. Because of the direct writers' intensive sales program, each rate increase accelerated the skimming process. It was quickly apparent that the answer was not to be found in a continuing spiral of rate increases, or even in an ever tightening underwriting policy. A way had to be found to meet the competition head on in the market place.

The first step was to develop a more competitively priced product. There was too great a difference between "our competitor's overhead cost, and ours." Expenses in the rate making formula had to be brought somewhat closer to those of the competitors. Allowance in the rate making formula for company expense was therefore reduced.

Commission Reduction

Similarly the allowance for total acquisition cost had to be cut, and was reduced from 25% to 20%. Since the rate filings included these lower expense provisions, most companies have had to use less costly procedures to process the business in their offices, and have felt it necessary to reduce also their commission scales. This was a decision that each company had to make on its own, Mr. Kuenkler emphasized. There was no collaboration.

The independent agent is not at the mercy of one company. If a company cannot convince him that a commission reduction is really justified he is free to place his business wherever he chooses.

Reduction of expense loadings was not enough, Mr. Kuenkler continued, and a new concept in auto coverage had to be adopted. This was achieved in many states through the special auto program and the safe driver plan of the bureaus. They are effective in the hands of aggressive agents. The necessary signed application enables the agent to reestablish personal contact with insured and opens up the rest of the account to the agent.

Mr. Kuenkler warned about underestimating the competition. The executives of the direct writers are alert and capable men who will be able through their operating methods to take advantage of any loopholes left by the agency system.

He cited the competitions' advance in homeowners business and their expansion into commercial lines where their presence is being felt. This invasion into fields other than auto must make the agency system even more alert to every competitive development in future, Mr. Kuenkler concluded.

Standard Accident Wins Industry Oscar For Annual Report

Standard Accident has received the gold "Oscar of Industry" trophy for the best stockholder annual report for 1959. The award was made at the annual banquet in New York sponsored by Financial World magazine.

L. K. Kirk, president Standard Accident, was presented the award by G. Rowland Collins, New York University. Standard Accident also won a silver award for the best report of all financial institutions and a bronze award for the best report in the property insurance field.

Close to 5,000 annual reports were reviewed in 96 categories during the competition, and the award to Standard Accident marked the first time a financial type institution had won the best of all industry award.

GAB Advances Engstrom In N.Y., Bachman In Ga.

General Adjustment Bureau has appointed Donald Engstrom general adjuster at the New York branch. He joined GAB in 1948 and was in the Brooklyn and Jamaica, N. Y., offices before being transferred to New York in 1956 to handle the larger and more complicated losses.

The bureau has moved its office in Athens, Ga., to the Hammer Building, South White Street. Ernest A. Bachman has been advanced from adjuster in charge to manager there.

New Safeguard Director

Safeguard of the London & Lancashire group has elected Frederick E. Prince, president of W. J. Roberts & Co., U.S. managers of Standard Marine and Union of Canton, a director. The Roberts Company also serves as marine manager for Safeguard.

General Of Seattle Names Blodgett Ad, Sales Promotion Head

Howard M. Blodgett Jr., has been appointed director of advertising and sales promotion for General of Seattle.

Mr. Blodgett's responsibilities include contests, campaigns, conventions, visual sales aids and consumer sales pieces. Advertising activities will continue to be implemented by C. M. Noren, redesignated as advertising supervisor.

Mr. Blodgett will be aided by a new sales promotion assistant, Kenneth L. Otten, who has joined the company after two years with a Seattle metropolitan insurance broker.

IAHU Holds 1st Board Meeting Of Season; Hears Encouraging Reports

International Assn. of Health Underwriters at the first board meeting of 1960-61 heard an encouraging report from President Kenneth L. Stoakes, Loyal Protective, Los Angeles. In the education field, he said the advanced health insurance sales and underwriting seminar held at Purdue University was an "unqualified success" and the education committee is empowered to go ahead with plans for another seminar in April.

Following this seminar, curriculum and texts will be further developed so the program can be put on in other schools around the country. The association's educational effort henceforward will be in the direction of 2½ day advanced seminars, rather than along the line of 13-week basic courses.

Report On October Meetings

—Reports were made on two meetings held in October—Central Iowa association's sales congress, which set an all-time attendance record of 650, and a meeting of the Oklahoma association, which drew a crowd of 726 to hear Frank Bettger.

—Friday, Oct. 13, was selected as Hoodoo Day, with promotion to begin early in the summer so that a greater segment of the business will be able to take part.

—New associations were formed in several parts of the country, and all associations have been assigned a quota designed to bring membership by next June to 6,100.

Fay F. Cline, Travelers, Richmond, was named to the board. He will serve for one year and be the IAHU link between the associations in Virginia in his capacity as zone chairman. He replaces St. George Grinnan of the agency bearing his name, Richmond, who left the board.

Edward H. O'Connor, Insurance Economics Society and chairman IAHU legislative committee, said that so far only Michigan has passed legislation enabling the state to take advantage of federal matching funds provided under a bill that became operative Oct. 1. Unless the states pass legislation, "the hue and cry in early 1961 will again be for a Forand-type bill," he said. Already labor groups are asking for a "little-Forand" bill in California to tack on the compulsory cash sickness law.

Mr. O'Connor said that health insurance people should begin to think about taking part in the solution of old age nursing home care problems. "This is an area government will enter increasingly if alternative solutions are not found."

Russell R. Robbins, executive secretary of the Michigan association, at the annual meeting in Washington of National Assn. of Mutual Insurance Agents with Mrs. Robbins; Ronald W. Scott, Home Mutual of Wisconsin; Robert L. Geohrs of Houston; Lynn Arnold of Houston, and Morris R. DeFour of Grosse Pointe, vice-president of the Michigan association.

Auto Rates Revised In Mich. By Bureaus

National Automobile Underwriters Assn. has revised auto PHD rates in Michigan. The changes include the family policy and the special form.

Private passenger rates for $50 deductible collision are down an average of 17% and for $100 deductible 14%. Comprehensive rates are increased 16%. On commercial cars, fire rates are down 16 to 25%. Collision rates on commercial cars operated within a 50 mile radius are down 7% and up 6% to 19% on all other commercial vehicles.

National Bureau has transferred certain areas to the Detroit suburban territory from the higher rated Pontiac territory. As a result, some private passenger drivers will receive liability rate reductions ranging from $3.60 to $10.80 on limits of 10/20/5 under the basic and family policy, and on the $25,000 single limit under the special policy. Changes by both bureaus are effective Nov. 2.

OL&T, Farm CPL, Camp Rates Raised By Mutual Bureau

Mutual Bureau has increased OL&T area and frontage classification rates 20% in New Hampshire, Rhode Island and Vermont, 15.1% in Georgia, 15% in West Virginia, and 10% in Arizona. In these states, storekeepers liability rates have been raised where necessary to retain the relation with the corresonding OL&T classification rates.

In Mississippi the rate on CPL for farmers residing on the premises has been raised from $15 to $30. In New Jersey OL&T rates on non-profit childrens' camps are increased from $1 to $1.35 per 100 days and from $3.65 to $4 per 100 days on other childrens' camps. All rate changes are effective Nov. 2.

Marine Panel For N. Y. CPCUs

A panel discussion on marine insurance will be held at the Nov. 16 meeting of New York chapter of CPCU in the America Fore Building, 80 Maiden Lane. Panelists will be George C. Dangman, vice-president of Johnson & Higgins; Joseph G. Romans, assistant marine manager of Royal-Globe; and Charles N. Shepard, assistant marine manager of Aetna Fire.

AFIA Opens New Malayan Branch

American Foreign Insurance Assn. has opened a new branch office at Kuala Lumpur, Malaya. The new office will service fire, marine, casualty, fidelity and surety operations of American, Fireman's Fund, Great American, Home, and St. Paul F.&M.

Edward N. Harriman Jr. has been appointed resident inspector of Kuala Lumpur operations which are supervised by the Singapore office. All Singapore and Malaya operations are managed by William T. Krall.

S. F. Accountants Hold Annual

"Effects of Automation" was the theme of the annual Pacific Coast conference sponsored by Insurance Accountants Assn. of San Francisco.

Cites Problem Of CPCU Drop-Out Rate

The drop-out rate is one of the major problems of CPCU study and detracts from the over-all record of accomplishment of the program in the last 15 years, CPCUs and their guests were told last week at the annual all-industry luncheon and conferment sponsored by the Chicago chapter.

Participating in a panel which reviewed the Chicago chapter's program, George M. Lewis, assistant manager of Travelers and an instructor of CPCU part II, said that passing ratios measure only the success and failure of those who have taken the examinations and are not an accurate index of the magnitude of the failure problem. "Of equal importance is the index of those who enroll in the courses who give up and do not take the examinations," he said.

Less than half of those who enroll each September pass the examinations in June, and two obvious explanations for this are that the instruction is not adequate or that students are permitted to enroll who are not mentally capable or do not have the educational background to master the work. Being an instructor himself, he rejected the first explanation and concentrated on the second.

Mr. Lewis said the course material is of an upper-class college level, and the average high school graduate would have trouble mastering it. Insurance Institute of America courses are designed to provide a bridge between high school preparations and CPCU work, and "it is my hope that more of our students will complete IIA courses before enrolling in CPCU," he said.

A certain number of students enroll in part II before they have completed part I, and this group contributes the largest percentage of drop-outs. Many students simply do not realize how difficult the examinations are. "I would suggest that all prospective students be furnished with a copy of the previous year's examination before they enroll," he said.

Those students who do fulfill the CPCU requirements, however, gain an understanding of the whole function of insurance, and a point of view which "inspires them to put the needs of our customers ahead of all other objectives," Mr. Lewis declared.

Another luncheon speaker, Albert M. Devroye, secretary of Millers National, hailed CPCU education and participation as being one of the best ways to bring to the forefront qualified insurance men. Thinkers are needed in this business, he said, and "the thinkers" unfinished business was never greater than it is today."

A highlight of the luncheon for 24 CPCU candidates was the conferment exercise. James S. Kemper, chairman of Kemper companies, conferred the diplomas.

A forum in the morning discussed the question, "Does Your Insured Deserve or Merit a Lower Automobile Rate?" and real and personal property deductibles—personal and corporate—were studied by a forum during the afternoon. Participating in the automobile forum were Thomas F. Tucker, Continental Casualty; Daniel J. Kelly, Weller agency, Rockford, Ill.; Dale C. Fry, Employers Mutual Casualty; Robert A. Kempner, Royal-Globe; and James J. Levis, Kemper companies.

Afternoon panelists were Carl J. Reutter, Alexander & Co.; Jay W. Gleason, Illinois R. B. Jones; R. Maynard Toelle, Kemper companies; and Richard P. White, Allstate.

Pictures of the meeting appear on page 10.

Named In Cal. By Buffalo

Buffalo has appointed Edgar C. Peterson special agent in northern California. He was formerly with North British for 21 years and was subsequently with Founders for 13 years, advancing to fire underwriting manager.

Answers Criticism Of Homeowners

(CONTINUED FROM PAGE 28)

similarity between the package rates and those for similar individual coverages cannot in any way be construed as selection against those insured under separate covers. The homeowners buyer is not buying a choice of separate coverages. He is buying a sealed packet of perils, tied to a minimum schedule of values, which by the very reason of its unity produces its own more favorable pure premium and expense factor and thus earns its own indivisible premium. Homeowners stands on its own merits.

Application To Losses

The same principle of the packet applies to losses as well as to premiums. If it is accepted that homeowners is a true package with an indivisible premium, then it must be accepted that losses must be reported as a single statistic upon which rate adjustments will be based. If the CPL portion were reported separately, the particular statistic might warrant a 10-cent increase in rate. This would not be very different from discovering that the statistic for the entire homeowners class warrants a 10-cent increase. Insured with $10,000 basic down the line is still going to have to pay an extra $10 on his single premium. It is this angle of homeowners which seems to be the least acceptable.

One is reminded of the dire predictions and shaking of heads that went on when the extended coverage endorsement was introduced to form the first true fire packet. Yet one does not meet many people today who are bitterly complaining about a lack of statistics to show what proportion of their EC losses were caused by smoke damage. True, EC was not without its teething problems. They were eventually solved by windstorm and hail deductibles. The homeowner is well protected by deductible clauses, and it may well be that one day a form of deductible or franchise will be applied to liability or medical payment coverages. If such a step has to be formulated, the business will again produce men with the judgment and wisdom to solve the problem.

Criticism of homeowners by underwriters on the grounds of multiplicity of forms and confusing phraseology is entirely unfounded. Take a standard fire policy, place broad form on contents and special form on buildings, add the necessary endorsements to attach residence and outside theft, liability and medical payments. The resulting conglomeration of paper provides roughly the same coverage as a single homeowners form.

Study Needed

Complaints against the confusing phraseology of homeowners are generally registered by those who have failed to take the necessary time to become familiar with it. Forms and endorsements in this program represent a great step forward because they are the clearest and most concise yet produced. But they must be studied to be understood. Any person who holds the position of underwriter or producer and who is still bewildered after a conscientious study of the homeowners manual, forms and endorsements, should not be in either position, and is not the type of individual qualified to hold a responsible post in a progressive business.

The package policy is here to stay. Homeowners is an innovation of great benefit to the business and to the public it serves. Criticism of the basic principle of packaging is retrogressive thinking. Conversely, support of these principles can hardly be called radical thought. After all, multiple perils coverage was written by the merchants of Lombardy who in turn learned the principle from the Phoenicians.

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Peerless Appoints Crone

Peerless has appointed Thomas W. Crone multiple line special agent at Syracuse. He will assist Frank M. Hause, resident vice-president.

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Boss's Night At Milwaukee

Insurance Women of Milwaukee held its annual boss's night with John A. O'Connor, of Leedom, O'Connor, Noyes general agency, acting as toastmaster. John L. Doyne, official of Milwaukee County, spoke on "County Government."

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Norfolk & Dedham Mutual Fire has appointed Frederick G. Nugent Jr. special representative in Florida.

George McDowell and Leonard Schmieder, both of America Fore Loyalty group, with J. F. Follmann, HIA; Donald G. Parker, General Reinsurance, and Irving G. Wessman, America Fore Loyalty at Health Insurance Assn.'s individual insurance meeting in Chicago.

Boston Party Held For Humphrey, Watson Of Boit, Dalton & Church

More than 100 friends and associates of Frank W. Humphrey and Myron E. Watson, partners of the Boit, Dalton & Church general agency of Boston, attended a joint anniversary and retirement party in their honor.

Mr. Humphrey was feted on his 50th year with the firm, while Mr. Watson was honored upon his retirement after 30 years with the firm.

Hosts at the party were the other partners in the agency, Frederic C. Church, C. Colby Hewitt, Collins Graham, Robert W. Harding, Colby Hewitt Jr., Maurice B. Rothrock, and Ellis H. Carson.

Maurice H. Saval, president of American Universal, presented a continuing $100 prize to be known as the Frank W. Humphrey award, to be given annually to the outstanding student in the fire course at the school sponsored by Insurance Library Assn. of Boston.

Mr. Humphrey is known as an authority on fire underwriting and Mr. Watson for his adaptation of life sales techniques to the selling of fire insurance.

In addition to employes of the agency who have been with the firm at least ten years, the dinner guests included Frank W. Boyle, deputy manager Employers Liability; John P. Callahan, assistant vice-president National Union; Robert C. Bielaski, vice-president Aetna Fire; William S. King, resident manager Employers Liability at Los Angeles; Fred Morasch, vice-president Fireman's Fund; E. J. Martin, vice-president Phoenix of Hartford; and James Wyper Jr., vice-president Hartford Fire.

Springfield-Monarch Opens New Regional Office At Kansas City

Springfield-Monarch has established a new southwest regional office in a temporary location at 4141 and 4143 Broadway, Kansas City. Deane S. Jaeger has been named manager of Springfield F.&M. administrative sales, underwriting and claims operations. Leonard B. Clark was appointed regional manager of Monarch Life operations last February.

The new office will supervise production, property and casualty underwriting, accounting, claims and engineering service for agents in Missouri, Kansas, Oklahoma, Arkansas and Texas. It is the first of eight new regional offices, which the group recently reported it would open this year.

Mr. Jaeger was special agent of Rain & Hail Insurance Bureau for 10 years before joining Springfield F.&M. in 1947 as special agent at Great Bend, state agent, superintendent and manager at Wichita.

Mr. Clark represented Monarch in Nebraska prior to being named general agent at Kansas City in 1941.

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AIU Aids UNICEF Xmas Card Drive

Christmas cards of United Nations International Children's Emergency Fund were displayed in 12 windows of the New York office of American International Underwriters. Wives of top executives of AIU participated in the public display and sale of the cards. Costs of the project were borne by AIU. The cards which are designed free by famous artists, are available at the U. N. Building, New York. Proceeds go to aid needy children around the world.

Approach To Voluntary Insurance Offered

(CONTINUED FROM PAGE 26)

coverage to protect the public for all persons licensed to operate an automobile.

—The plan must be self-liquidating, in the sense that as more adequate rates are secured for substandard risks, they can readily be insured in the voluntary market.

Two proposals have been made to solve the rating, expense and volume problems of the present assigned risk plans, he noted. They are the plan for an assigned risk company advanced by William Searl of Auto-Owners, and the idea of an underwriting pool functioning on the reinsurance principle, proposed by Edgar E. Isaacs of Atlantic Mutual.

Prefers Pool Arrangement

Mr. Rennie prefers the pool arrangement. He said a separate assigned risk company seems to violate his self liquidation condition. Nor will a separate company solve either the public relations or the rating problems. The stigma will still be felt by anyone who is shunted into the assigned risk company. Under this kind of pressure, the ability to secure rate differentials sufficient to pay losses and expenses of the substandard risks may continue to be difficult, although the legal position of the company to request adequate rates may be impeccable. And politicians might try to gain control of such a separate corporation and convert it into a state operated fund.

The pool method of operation has many advantages, he said. It would remove the stigma assigned risks feel under the present system. It would eliminate many of the expenses of the assigned risk plan, and would avoid most of the costs of a separate company. It would use the existing agency, underwriting, and claim facilities of each insurer.

Would Eliminate Reinsurance

However, Mr. Rennie would eliminate the reinsurance features from the pool and convert it into a simple clearing account. Thus each company would write all business presented to it by its agents. Underwriters, using free exercise of judgment, would decide whether the risk was one which the company would insure, or whether it was a clearing account risk. If the latter, they would forward the details to the clearing account office. Similarly, if at a later time a particular risk in the insurer's own portfolio fell below its underwriting standards, it would be transferred to the clearing account portfolio, or vice versa.

Each company would be allowed permissible loss and expense ratios to administer the clearing account business. The companies would thus build up credits or deficits in the clearing account business. Credits or penalties would be levied to offset any variations in the percentage of clearing account business on its books which was above or below the average. Any over-all deficits in the clearing account would be raised through an assessment levied against each participating member of the clearing account in proportion to its total writings of automobile liability business.

Would Eliminate Delay

Such a clearing account would, Mr. Rennie explained, permit every licensed driver to obtain coverage without delay. It would generally eliminate the problem of cancellations, rejections, and assigned risk involvement. No burdensome administrative expenses would be encountered because each company's regular underwriting and claims facilities would be used. No separate corporate entity would be needed to handle the clearing account. The clearing account could be gradually self-liquidating because each insurer would be gathering experience on its substandard account risks and would have an incentive to devise rating plans to incorporate them profitably into its own portfolio. And finally, it would be consistent with the principle of private, competitive insurance by encouraging insurers to expand their voluntary markets.

Have Made Breakthrough

The independent companies, Mr. Rennie said, have made a breakthrough in measuring loss producing potential of drivers, and in classifying them accurately according to their expected costs. Some of the most conspicuously successful independents owe their rise to the technique of finding and reclassifying preferred risks who formerly were lumped together with others in higher premium classes. Conversely, they have also identified undesirable risks within preferred groups and reclassified them at rate levels which more accurately reflect their true experience.

Sound and objective underwriting standards have been prepared which take into account the human and environmental risk factors producing loss, Mr. Rennie declared, adding that a measure of their accuracy is found

in the loss experience of the so-called "clean risks" in the assigned risk plans —the group with no record of traffic violations, accident involvement, or convictions for certain traffic violations. The loss ratios of these "clean risks" in most states have been considerably worse than for the surcharged or "unclean risks," and much worse than for insured who secured coverage in the voluntary market. The same holds for claim frequency.

Mr. Rennie commented that the factors which form the basis of an underwriter's decision on any particular risk can be measured with increasing precision. The underwriting department of Nationwide Mutual has identified those risk factors among the attributes, background, and experience of insured which are significantly related to accident frequency. A study of 2,666 cancelled policyholders (for other than non-payment) show they had more than their relative share of both major and minor traffic violations. However, they had significantly fewer accidents, relatively, than the average in-force policyholders, whether counting those with only one accident, or those with three or more. This factor, Mr. Rennie noted, is probably highly correlated with the high incidence of young drivers and the higher proportion of motorists having less than two years of driving experience among the cancelled group.

Relatively fewer people over 60 years of age are cancelled than there are in the average policyholder group, he reported. In fact, cancellation rate for those over 70 is insignificant even on a relative basis. This refutes some of the recent complaints made to Sen. Condon's joint committee on insurance rates and regulation in New York and to the results of a survey on market restrictions made by the New York department in 1959.

Older cars tend to be associated with cancellations, but they seem to be related more significantly to other adverse factors, such as age of driver, driving reputation, job instability, and poor car condition. Nationwide Mutual found in another study that older cars are associated with initial rejections less frequently than the average.

Mr. Rennie said the study indicates that underwriters give more consideration to the individual loss-generating attributes of the insured rather than simply to his role as a member of a statistically undesirable group. Thus, poor home environment is a more significant factor than poor neighborhood environment. Similarly, adverse personal attributes which are known to be highly related to at-fault accidents, such as poor driving reputation, job instability, and adverse financial reputation, are significantly correlated with cancellations.

The study shows conclusively, in Mr. Rennie's opinion, that this group of 2,666 cancellations constituted a class of drivers who, in terms of arrests and convictions, car condition, driving reputation, financial reputation, and personal responsibility, rank much lower than average Nationwide Mutual policyholders on any objective scale of measurement.

"If auto liability insurance were a voluntary coverage, and if insurers were free to set rates on each class of drivers according to its expected cost of protection, I am sure," said Mr. Rennie, "that the independent companies could expand their capacity to serve all segments of the market wanting to buy protection to the indicated premium levels."

But auto liability insurance is no longer a voluntary coverage, he averred. Nor are companies free to charge higher premiums on substantial risks, even though the loss experience justifies increasing rate differentials. "The outstanding fact relating to automobile liability insurance today is that it has now acquired many of the aspects of social insurance. It is looked upon primarily as protection to the public rather than to the policyholder."

42 CPCU Teachers Attend Conference In Cleveland

A total of 42 CPCU teachers from north central states attended a conference conducted in Cleveland by American Institute. It was the first of the 1960-61 series of conferences which have as their theme current CPCU developments.

Teaching techniques for CPCU study classes conducted at universities and colleges were discussed in an idea-sharing session by college professors, attorneys and CPUs who teach the courses.

Also discussed at the Cleveland gathering were CPCU curriculum revisions, use of the new CPCU study guide, insurance survey teaching, and teacher contact bulletins.

In Ia. For New Hampshire

New Hampshire has appointed William P. Prescott, a graduate of the company's advanced training program, special agent at Cedar Rapids. He will work with Harry W. Dunker, state agent.

National Union Names William Hood Indiana Manager

William S. Hood has been appointed Indiana manager by National Union companies. He will maintain headquarters at company offices in Indianapolis.

Mr. Hood was formerly with Hartford Accident at Indianapolis.

Finnegan President Of Wisconsin Health Assn.

Wisconsin Assn. of Health Underwriters, at its annual meeting in Milwaukee, elected Robert J. Finnegan, Mutual Benefit H.&A., Milwaukee, president to succeed Thomas J. Callahan, Time, Milwaukee. Mr. Callahan advanced to chairman.

Edward L. Dunn, Time, Milwaukee, is the new president-elect, and vice-presidents are Gibson Wright, Eau Claire, and John McGinnis, American Casualty, Milwaukee. Donovan Morrissey, Milwaukee, was elected secretary to replace Leo E. Packard, Milwaukee, who declined reelection for a 16th term. Robert Stafford, Milwaukee, became treasurer.

V. J. Skutt, president of Mutual of Omaha and past president of Health Insurance Assn., in his talk, "The Welfare State vs The Free State," emphasized the advantages of the voluntary way of insuring the public and danger of continual expansion of government coverages, except for the needy.

Also appearing on the program were Howard Clarke, insurance instructor at Loyola University, who described "How To Cash in on Today's Best Insurance Market," and Chester Elson, Mutual of Omaha, Des Moines.

Mr. Wright won the S. L. Horman man-of-the-year award for 1960. The award was presented by Mr. Horman, vice-president of Time of Milwaukee and winner of the international association's Harold R. Gordon award for this year.

Stringfellow, Gaines To Dixie Auto Claims Posts

Dixie Auto has advanced Ben M. Stringfellow Jr. from assistant secretary-treasurer to claims manager.

E. J. Gaines Jr. has joined the company as casualty claims supervisor. He was manager of Clement & Co., adjusters.

50 Cent Extra Dividend For Continental Casualty

Directors of Continental Casualty have declared the regular dividend of 25 cents and an extra of 50 cents. Stockholders will receive their regular quarterly dividend and the extra Dec. 1 to stock of record Nov. 16.

Kefauver Discusses D. C. Rate Bill At NAII St. Louis Meet

(CONTINUED FROM PAGE 9)

insurance is, of course, clearly interstate commerce, there has been no showing that a comprehensive system of federal regulation is needed. Nor has it been demonstrated that such a system would be superior to state regulation."

Remarking that it is often contended that a principal advantage of state regulation is its "closer awareness of problems at the grass roots," the Senator said he was "very disturbed" to learn during the hearings last year that many state and regional advisory organizations in the fire field had been abolished and their functions merged into "a national organization operating out of New York City."

Sen. Kefauver said he has previously voiced "alarm" at the trend to concentrate all control in one place with the "operations of people and companies all over the United States run by a handful of people in New York. I foresaw in this development further opportunity for the dominant companies to tighten their grip on the rating structure. I see no reason to alter this view."

The answer, he declared, must lie in greater regulation of the national advisory organizations by the states, and the O'Mahoney rate bill for the District of Columbia provides such a remedy. "It would subject national and local advisory organizations to the kind of surveillance which would enable local regulatory authorities to keep their power and influence in check."

The Senator also touched on the need for prompt action by the states in acting on requests for admission, saying he feels it is significant that many of the applications "accumulating dust" are those of independent, lower rate insurers. He said he does not believe that state laws which require all companies to adhere to the same rates are consistent with the purpose and spirit of the McCarran act. "Such laws make a mockery of competition."

Prior approval by the commissioner before rates become effective "has seriously deterred competitive processes," Sen. Kefauver said. The D. C. bill, with rates effective automatically upon filing, allows rates to achieve their proper level as a result of the natural working of the market place. "I firmly believe the bill proposed for the District of Columbia represents the inevitable progression of your industry in the direction of more competition," he declared.

Aetna Casualty Opens New Baltimore Office

Aetna Casualty has opened a new Baltimore office and has appointed E. J. Notley manager. The office will be responsible for developing casualty, fire, marine and bonding business in the Baltimore area and most of north and east Maryland.

Mr. Notley joined the company 25 years ago in the claim department at Syracuse. He advanced to zone claim superintendent at Cleveland in 1953 and was named superintendent of the claim department at Washington, D. C., in 1957.

Bowdring Heads Fund's Disability Unit In West

C. Joseph Bowdring has joined Fireman's Fund as manager of the western department disability division at Chicago. He has been manager of the Chicago A&S department of Continental Casualty

Richards In Mass., R.I. For Employers Liability

Employers Liability has appointed Robert T. Richards inland marine special agent in Massachusetts and Rhode Island. He was with Boston as an inland marine underwriter for eight years before joining Employers Liability in 1959.

Boston Advances Hunter

Boston has appointed John B. Hunter loss superintendent of the new claims office in Manchester, N. H. He has been an adjuster at Boston.

Aetna Casualty has prepared an illustrated folder detailing procedures of the mouth-to-mouth rescue breathing techniques of artificial respiration. The folders, titled "The Breath of Life," are being distributed nationally.

Illinois Agents Study Safe Driver Plan At Annual Meeting

(CONTINUED FROM PAGE 19)

effort on the part of company field forces and their producers is necessary to make these tools regain the mass market risks which our companies have steadily been losing to deviating and specialty companies.

The stock agency companies not only intend to stay in the private passenger automobile market, but they intend to regain their previous position of pre-eminence. The first step forward, therefore, is to have competitive rates as well as adequate classification systems, together with energetic sales efforts."

Stetson Ward of New Haven, president Connecticut Assn. of Insurance Agents, described the Connecticut safe driver plan and the methods used by the state association to familiarize the agents with the ramifications of the plan, as well as the new special automobile policy.

Donald W. Perin, Chicago, chairman of the Illinois association's automobile committee, said that officially the association is "in the dark" as to what new automobile coverage forms or rating plans may become available in Illinois or exactly when, "but by observing the approval of new optional plans in other states and by piecing together bits of information we have gathered during the past 12 months, we believe we have a rather complete picture of the automobile changes which will probably occur, and we believe that they will be officially announced in the very near future."

He stressed that National Bureau had actually come up with a new approach, since it is a refinement of the classification plan and not to be confused with earlier attempts back in the '30s which were forms of experience rating. The bureau companies hope by the new plan to "overcome the position they have been forced into of screening the screenings," he said.

Joseph F. Prola, Springfield, chairman of the legislative committee, was moderator. A great deal of interest was evidenced by the number of questions from the audience.

Editorial Comment

It Depends On Who Pays The Bill

In a chance remark at the recent annual conference of Council on Employee Benefit Plans in New York, Melvin A Hansen of Cleveland Twist Drill Co. pin-pointed a problem which, if it isn't already, should be of growing concern to insurance companies engaged in selling group A&S coverages to American industry. This is the growing tendency among labor unions at bargaining tables to demand and win non-contributory plans for workers.

Mr. Hansen, general chairman of the conference, in his closing remarks to this group of employe benefit plan administrators from some 60 large companies representing a cross-section of U. S. industry, said that when his company's Blue Cross plan was available to workers on a contributory basis, whenever rates increased or threatened to rise, workers set up a hue and cry that could be heard from one end of the plant to the other. Recently, however, Cleveland Twist Drill's plan became non-contributory, and now when the local Blue Cross has asked for another rate increase, Mr. Hansen declared, "The place is as quiet as a tomb."

In other words, and this would apply to the plans of private insurers, when employes share the cost of a plan, a boost in rates hurts them and they react. When someone else is paying the bill, however, they are not inclined to do anything about it—whether to protest the increase or to preclude the necessity of a rate rise by keeping utilization to a minimum.

Although A&S insurers can and do adjust their rates upwards when over-utilization increases their costs of carrying a group plan on the books, generally speaking, they prefer the contributory plan. One insurance company cites as proof of this the fact that the plan for its own employes is contributory. Moreover, they say, workers have a greater appreciation for those things that they pay for themselves or have a part in paying for and cooperate better with an employer on claim control measures. They are quicker to learn what the plans offer and what they don't offer, and are not quite so ready to demand more and more benefits when they are helping to foot the bills.

Over the long haul, of course, insurance companies, using the rate adjustment device, will come out about even, whether the A&S group plan is contributory or non-contributory. But a contributory plan, or so some members of the industry feel, lends itself to a greater stability in rates. Then, too, one company's experience has shown, it is sometimes easier to negotiate a rate change when two parties (management and labor) are involved and are sharing the cost of any rate increase.

Unfortunately, the tendency in collective bargaining agreements these days is towards the non-contributory plans. A union that is negotiating for a wage increase for its members will, for example, take part of it in A&S insurance, because at least that portion of the raise represents a non-taxable net gain. At the same time, management sees little difference between having to lay out more money for wages or the same amount for health insurance.

A few large companies are aware that the chances for over-utilization are greater in non-contribut y plans than in contributory plans and that the dollar they spend today on A&S coverage may become $1.10 much sooner than they anticipated when they signed their bargaining agreements. But these holdouts are rapidly becoming fewer in number with each passing year, as labor unions become more and more insistent upon having management assume the full cost of the plans.—William Macfarlane, assistant editor Life Insurance Edition.

Personals

W. A. Brooks, president Oregon Auto and Mrs. Brooks flew to Europe after attending the meeting of National Assn. of Independent Insurers at St. Louis. They will spend three weeks abroad on a combined business and vacation trip.

Richard E. Haefer Sr., St. Louis agent, has been presented the Alumni Falcon award by Quincy College for rendering "outstanding personal service to the college."

S. H. Warner, vice-president of E. H. Crump & Co., Memphis, was honored as Insuror of the Year by members of Insurors of Tennessee at the annual convention in Nashville. A past president of Insurors of Tennessee and long an active leader in insurance circles, Mr. Warner was elected to the executive committee of NAIA at its annual meeting in September. For the past year he has been chairman of the NAIA property committee.

Frederick J. Orth, vice-president and assistant general counsel of Northwestern Mutual, has been elected to the American College of Trial Lawyers. Only 15 attorneys from the state of Washington have been selected for the honor.

G. A. O'Sullivan, vice-president of the Landis, Pelletier & Parrish agency of Seattle, has been released from the hospital following a heart attack and will resume work shortly.

Deaths

CLIFF C. JONES Sr., 81, who until last July was chairman of Kansas City F.&M. and president of R. B. Jones & Sons agency of Kansas City, died. He entered insurance in 1900 and became president of Kansas City F.&M. in 1929. From its incorporation in 1933 until last July, he headed the Jones agency, which, since its founding in 1889 by his father, Richard B. Jones, has engaged in extensive international business and has become a leading broker of London Lloyds. In 1925, he was president of National Assn. of Insurance Agents, and he had been president of the Kansas City and Missouri associations. He was also president in 1937-39 of National Assn. of Casualty & Surety Agents.

Cliff C. Jones

Interested in music, Mr. Jones was active in launching the Kansas City Philharmonic orchestra and was a trustee of the Philharmonic Assn. and Kansas City Conservatory of Music. In 1929, he was the first Kansas City passenger of the Western Air Express (now Trans-World Airlines) inaugural flight from Kansas City to Los Angeles. Last year he was a passenger aboard the first TWA jet flight from San Francisco to New York.

A son, Cliff C. Jr., is chairman of R. B. Jones & Sons, and a brother, Morton T., is president of both the agency and Kansas City F.&M.

F. ALBERT ROLOSON, 75, chairman of the Baltimore agency of Riggs-Warfield-Roloson, died there. He entered the business in 1901 with the old Central Fire of Baltimore and worked there until 1919 when he went into the agency business with the firm of Riggs, Rossman & Hunter. In 1925 he became a partner in the firm of Henry W. Warfield-Roloson Co. and continued that association until 1946 when the Henry M. Warfield-Roloson Co. consolidated with his former employer, Riggs, Rossman & Hunter to become Riggs-Warfield-Roloson. He had been chairman since 1949. He was long active in the state agents' association and served 10 years as a director of National Assn. of Casualty & Surety Agents.

SAMUEL CARLILES, 46, secretary-treasurer of Rochdale Ins. Co. and a member of the executive staff of Booth, Potter, Seal & Co., Philadelphia broker, died after a brief illness.

FRANK J. HANSON, 67, local agent at Paterson and a New Jersey legislator from 1926-29, died at his home in Totowa, N. J.

WILLIAM G. LUPTON Jr., 54, local agent at Short Hills, N. J., died at Norristown, Pa., after suffering a heart attack while driving on the Pennsylvania Turnpike.

ARTHUR F. DETROW, 71, retired vice-president of Maryland General Agency, Hagerstown, died.

JAMES M. RYAN, 76, retired vice-president of Marsh & McLennan and thereafter an independent fire adjuster in San Francisco, died. He was one of the last of the old veterans of the early days in fire insurance on the Pacific Coast, having served actively more than 50 years. For many years he had been an executive with the J. B. F. Davis & Sons general agency. He went with Marsh & McLennan when his firm was merged following the death of the senior partners.

THOMAS P. ZANELLA, 67, former western department manager of Joseph Froggatt & Co., insurance accountants, died at Fort Lauderdale after a brief illness. Mr. Zanella was with Froggatt & Co. at Chicago, for 35 years. He retired in 1958.

SIDNEY B. SABANS, 62, fire and inland marine underwriter at Chicago of Northern of London, died of a heart attack. He had been with the company since 1925.

Mrs. LILLIAN WALLACE, 32, wife of Harry Wallace, secretary of LaSalle Casualty, died at her home in Wilmette, Ill.

Tifft-Layer & Co., Philadelphia agency, is marking its 40th anniversary in business. The firm was founded by John A. Tifft, who served as secretary-treasurer for many years of Independent Agents & Brokers Assn. of Philadelphia & Suburbs.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

ABC

Published by The National Underwriter Co.

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SUBSCRIPTIONS: 420 E. Fourth St., Cincinnati 2. $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy, back copies 50 cents. **CHANGE OF ADDRESS:** Enclose mailing wrapper and Post Office form 3579 with new address, and allow three weeks for completion of the change.

Merit Rating Plan Approved In Ark.

LITTLE ROCK—A merit rating or "safe driver" plan has been approved in Arkansas by Commissioner Combs effective Nov. 1. Arkansas is now the 16th state to approve a form of merit rating for private passenger automobile insurance.

The new safe driver plan may be applied to the family automobile policy or may be used in connection with the new special automobile policy of National Bureau and National Automobile Underwriters Assn., which Commissioner Combs also approved. The special policy is a single limit, all-inclusive package policy written on a sx months' basis and billed directly by the company.

Although the new filing is effective Nov. 1, its use will probably not be mandatory until Jan. 1, 1961 by which time, according to the department, companies will have to exercise an option of (1) refusing the safe driver plan altogether and continuing to write the family auto policy at manual rates; (2) accepting the safe driver plan and applying it to the family auto policy, in which case they cannot write the family policy at manual rates; or (3) accepting the special policy which can be used only with the safe driver plan.

While approving the safe driver plan, the department also approved rate increases of 7% for commercial automobiles and 15.7% for garage liability risks.

Announcement was made by Arkansas Assn. of Insurance Agents that it plans a series of regional educational meetings, probably during the week of Nov. 14th, to acquaint agents with the safe driver rating plan and the new special policy. The schools will be staffed by home office company men.

Hold Open House At Policywriting Office Of Alexander & Co. Agency

Alexander & Co. agency of Chicago held an open house at its new policywriting office in suburban Downers Grove recently, with more than 100 company men and members of the families of the employes attending.

This office has been in operation since 1952 when it started with three girls. Now there are 28 divided into two groups, one doing the policy rating and writing for casualty and the other for property.

Alexander & Co. was the first major agency in Chicago to take advantage of the suburban labor force by moving a part of the operations out of the downtown area. The venture has been successful. The new office provides 3,600 feet of working space plus room for storage. Mrs. Jane Haliday, director of female personnel, is manager of the Downers Grove office. She is assisted by Dorothy Cowart, in charge of property policies, and Stephanie Riva, in charge of casualty.

Western Loss Assn. Elects W. J. McCarren President

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Hanover	39½	42½	42
Hartford Fire	50½	48¼	49
Hart. Steam Boil.	86½	75	83½
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Ins. Co. of No. Am.	65	64	62
Interstate F.&C.	15¾	12¾	14½
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Jersey	35	31½	32
K. C. F.&M.	25	28½	31
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A new award was initiated this year: The outstanding company award, which went to U.S.F.&G. Russell L. Smalley, manager at Albuquerque, received the award, based upon advancement of the American agency system, complete facilities, etc. John Schnedar, Roswell, president of his local board, was awarded the president's cup for the second time. Robert Watson, special agent for Whyburn & Co., El Paso, was named field man of the year. John Chilcote, Clayton, was granted a distinguished service award for his work on the Big-I campaign.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co. 135 S. La Salle St., Chicago, November 7, 1960

	Bid $	Asked $
Aetna Casualty	87	90
Aetna Fire	86	87
American Equitable	42	44
American, Newark	25½	26½
American Motorists	15	16½
Boston	31½	32½
Continental Casualty	76	77½
Crum & Forster	68	70
Federal	64½	66
Fireman's Fund	47	48
General Re.	110	114
Glens Falls	32½	33½
Great American	44½	45½
Hartford Fire	48	49
Hanover	42½	43½
Home of N. Y.	60	61½
Ins. Co. of No. America	61	63
Jersey Ins.	32½	33½
Maryland Casualty	35½	36½
Mass. Bonding	36½	38
National Fire	106	112
National Union	36½	37½
New Amsterdam Cas.	53½	55½
New Hampshire	51½	53
North River	39	41
Ohio Casualty	23	24
Phoenix, Conn.	79	81
Prov. Wash.	17¾	18¾
Reins. Corp. of N. Y.	22	23
Reliance	55½	56½
St. Paul F. & M.	55½	56½
Springfield F. & M.	30	31
Standard Accident	44½	45½
Travelers	86½	88
U. S. F. & G.	37½	38½
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Editorial Comment

It Depends On Who Pays The Bill

In a chance remark at the recent annual conference of Council on Employee Benefit Plans in New York, Melvin A Hansen of Cleveland Twist Drill Co. pin-pointed a problem which, if it isn't already, should be of growing concern to insurance companies engaged in selling group A&S coverages to American industry. This is the growing tendency among labor unions at bargaining tables to demand and win non-contributory plans for workers.

Mr. Hansen, general chairman of the conference, in his closing remarks to this group of employe benefit plan administrators from some 60 large companies representing a cross-section of U. S. industry, said that when his company's Blue Cross plan was available to workers on a contributory basis, whenever rates increased or threatened to rise, workers set up a hue and cry that could be heard from one end of the plant to the other. Recently, however, Cleveland Twist Drill's plan became non-contributory, and now when the local Blue Cross has asked for another rate increase, Mr. Hansen declared, "The place is as quiet as a tomb."

In other words, and this would apply to the plans of private insurers, when employes share the cost of a plan, a boost in rates hurts them and they react. When someone else is paying the bill, however, they are not inclined to do anything about it—whether to protest the increase or to preclude the necessity of a rate rise by keeping utilization to a minimum.

Although A&S insurers can and do adjust their rates upwards when over-utilization increases their costs of carrying a group plan on the books, generally speaking, they prefer the contributory plan. One insurance company cites as proof of this the fact that the plan for its own employes is contributory. Moreover, they say, workers have a greater appreciation for those things that they pay for themselves or have a part in paying for and cooperate better with an employer on claim control measures. They are quicker to learn what the plans offer and what they don't offer, and are not quite so ready to demand more and more benefits when they are helping to foot the bills.

Over the long haul, of course, insurance companies, using the rate adjustment device, will come out about even, whether the A&S group plan is contributory or non-contributory. But a contributory plan, or so some members of the industry feel, lends itself to a greater stability in rates. Then, too, one company's experience has shown, it is sometimes easier to negotiate a rate change when two parties (management and labor) are involved and are sharing the cost of any rate increase.

Unfortunately, the tendency in collective bargaining agreements these days is towards the non-contributory plans. A union that is negotiating for a wage increase for its members will, for example, take part of it in A&S insurance, because at least that portion of the raise represents a non-taxable net gain. At the same time, management sees little difference between having to lay out more money for wages or the same amount for health insurance.

A few large companies are aware that the chances for over-utilization are greater in non-contributory plans than in contributory plans and that the dollar they spend today on A&S coverage may become $1.10 much sooner than they anticipated when they signed their bargaining agreements. But these holdouts are rapidly becoming fewer in number with each passing year, as labor unions become more and more insistent upon having management assume the full cost of the plans.—William Macfarlane, assistant editor Life Insurance Edition.

Personals

W. A. Brooks, president Oregon Auto and Mrs. Brooks flew to Europe after attending the meeting of National Assn. of Independent Insurers at St. Louis. They will spend three weeks abroad on a combined business and vacation trip.

Richard E. Haefer Sr., St. Louis agent, has been presented the Alumni Falcon award by Quincy College for rendering "outstanding personal service to the college."

S. H. Warner, vice-president of E. H. Crump & Co., Memphis, was honored as Insuror of the Year by members of Insurors of Tennessee at the annual convention in Nashville. A past president of Insurors of Tennessee and long an active leader in insurance circles, Mr. Warner was elected to the executive committee of NAIA at its annual meeting in September. For the past year he has been chairman of the NAIA property committee.

Frederick J. Orth, vice-president and assistant general counsel of Northwestern Mutual, has been elected to the American College of Trial Lawyers. Only 15 attorneys from the state of Washington have been selected for the honor.

G. A. O'Sullivan, vice-president of the Landis, Pelletier & Parrish agency of Seattle, has been released from the hospital following a heart attack and will resume work shortly.

Deaths

CLIFF C. JONES Sr., 81, who until last July was chairman of Kansas City F.&M. and president of R. B. Jones & Sons agency of Kansas City, died. He entered insurance in 1900 and became president of Kansas City F.&M. in 1929. From its incorporation in 1933 until last July, he headed the Jones agency, which, since its founding in 1889 by his father, Richard B. Jones, has engaged in extensive international business and has become a leading broker of London Lloyds. In 1925, he was president of National Assn. of Insurance Agents, and he had been president of the Kansas City and Missouri associations. He was also president in 1937-39 of National Assn. of Casualty & Surety Agents.


Cliff C. Jones

Interested in music, Mr. Jones was active in launching the Kansas City Philharmonic orchestra and was a trustee of the Philharmonic Assn. and Kansas City Conservatory of Music. In 1929, he was the first Kansas City passenger of the Western Air Express (now Trans-World Airlines) inaugural flight from Kansas City to Los Angeles. Last year he was a passenger aboard the first TWA jet flight from San Francisco to New York.

A son, Cliff C. Jr., is chairman of R. B. Jones & Sons, and a brother, Morton T., is president of both the agency and Kansas City F.&M.

F. ALBERT ROLOSON, 75, chairman of the Baltimore agency of Riggs-Warfield-Roloson, died there. He entered the business in 1901 with the old Central Fire of Baltimore and worked there until 1919 when he went into the agency business with the firm of Riggs, Rossman & Hunter. In 1925 he became a partner in the firm of Henry W. Warfield-Roloson Co. and continued that association until 1946 when the Henry M. Warfield-Roloson Co. consolidated with his former employer, Riggs, Rossman & Hunter to become Riggs-Warfield-Roloson. He had been chairman since 1949. He was long active in the state agents' association and served 10 years as a director of National Assn. of Casualty & Surety Agents.

SAMUEL CARLILES, 46, secretary-treasurer of Rochdale Ins. Co. and a member of the executive staff of Booth, Potter, Seal & Co., Philadelphia broker, died after a brief illness.

FRANK J. HANSON, 67, local agent at Paterson and a New Jersey legislator from 1926-29, died at his home in Totowa, N. J.

WILLIAM G. LUPTON Jr., 54, local agent at Short Hills, N. J., died at Norristown, Pa., after suffering a heart attack while driving on the Pennsylvania Turnpike.

ARTHUR F. DETROW, 71, retired vice-president of Maryland General Agency, Hagerstown, died.

JAMES M. RYAN, 76, retired vice-president of Marsh & McLennan and thereafter an independent fire adjuster in San Francisco, died. He was one of the last of the old veterans of the early days in fire insurance on the Pacific Coast, having served actively more than 50 years. For many years he had been an executive with the J. B. F. Davis & Sons general agency. He went with Marsh & McLennan when his firm was merged following the death of the senior partners.

THOMAS P. ZANELLA, 67, former western department manager of Joseph Froggatt & Co., insurance accountants, died at Fort Lauderdale after a brief illness. Mr. Zanella was with Froggatt & Co. at Chicago, for 35 years. He retired in 1958.

SIDNEY B. SABANS, 62, fire and inland marine underwriter at Chicago of Northern of London, died of a heart attack. He had been with the company since 1925.

Mrs. LILLIAN WALLACE, 32, wife of Harry Wallace, secretary of LaSalle Casualty, died at her home in Wilmette, Ill.

Tifft-Layer & Co., Philadelphia agency, is marking its 40th anniversary in business. The firm was founded by John A. Tifft, who served as secretary-treasurer for many years of Independent Agents & Brokers Assn. of Philadelphia & Suburbs.

THE NATIONAL UNDERWRITER

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ABC

Published by The National Underwriter Co.

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Merit Rating Plan Approved In Ark.

LITTLE ROCK—A merit rating or "safe driver" plan has been approved in Arkansas by Commissioner Combs effective Nov. 1. Arkansas is now the 16th state to approve a form of merit rating for private passenger automobile insurance.

The new safe driver plan may be applied to the family automobile policy or may be used in connection with the new special automobile policy of National Bureau and National Automobile Underwriters Assn., which Commissioner Combs also approved. The special policy is a single limit, all-inclusive package policy written on a sx months' basis and billed directly by the company.

Although the new filing is effective Nov. 1, its use will probably not be mandatory until Jan. 1, 1961 by which time, according to the department, companies will have to exercise an option of (1) refusing the safe driver plan altogether and continuing to write the family auto policy at manual rates; (2) accepting the safe driver plan and applying it to the family auto policy, in which case they cannot write the family policy at manual rates; or (3) accepting the special policy which can be used only with the safe driver plan.

While approving the safe driver plan, the department also approved rate increases of 7% for commercial automobiles and 15.7% for garage liability risks.

Announcement was made by Arkansas Assn. of Insurance Agents that it plans a series of regional educational meetings, probably during the week of Nov. 14th, to acquaint agents with the safe driver rating plan and the new special policy. The schools will be staffed by home office company men.

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Hold Open House At Policywriting Office Of Alexander & Co. Agency

Alexander & Co. agency of Chicago held an open house at its new policy-writing office in suburban Downers Grove recently, with more than 100 company men and members of the families of the employes attending.

This office has been in operation since 1952 when it started with three girls. Now there are 28 divided into two groups, one doing the policy rating and writing for casualty and the other for property.

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Of the two panels, the one on "Insurance Law" provided agents with an idea of how in the past 15 years there have been some very severe changes in public opinion and in judicial law pertaining to agency agreements and contracts. The other panel, "Perpetuation of an Agency," suggested that perpetuation will be a major problem during the 1960s for many state agents unless there are adequate arrangements made immediately to cover the crisis of the loss of the major principal in

The panel further suggested that many agencies will be sold on court-order, or operated with a lack of adequate personnel due to a lack of planning, although this situation will mainly be seen in the small one and two man operations. Today, many arrangements can be made by the small agent to perpetuate the life of his agency through various insurance plans being offered to the business man.

A new award was initiated this year: The outstanding company award, which went to U.S.F.&G. Russell L. Smalley, manager at Albuquerque, received the award, based upon advancement of the American agency system, complete facilities, etc. John Schnedar, Roswell, president of his local board, was awarded the president's cup for the second time. Robert Watson, special agent for Whyburn & Co., El Paso, was named field man of the year. John Chilcote, Clayton, was granted a distinguished service award for his work on the Big-I campaign.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, November 7, 1960

	Bid $	Asked $
Aetna Casualty	87	90
Aetna Fire	86	87
American Equitable	42	44
American, Newark	25½	26½
American Motorists	15	16½
Boston	31½	32½
Continental Casualty	76	77½
Crum & Forster	68	70
Federal	64½	66
Fireman's Fund	47	48
General Re.	110	114
Glens Falls	32½	33½
Great American	44½	45½
Hartford Fire	48	49
Hanover	42½	43½
Home of N. Y.	60	61½
Ins. Co. of No. America	61	63
Jersey Ins.	32½	33½
Maryland Casualty	35½	36½
Mass. Bonding	36½	38
National Fire	106	112
National Union	36½	37½
New Amsterdam Cas.	53½	55½
New Hampshire	51½	53
North River	39	41
Ohio Casualty	23	24
Phoenix, Conn.	79	81
Prov. Wash.	17¾	18¾
Reins. Corp. of N. Y.	22	23
Reliance	55½	56½
St. Paul F. & M.	55½	56½
Springfield F. & M.	30	31
Standard Accident	44½	45½
Travelers	86½	88
U. S. F. & G.	37½	38½
U. S. Fire	27½	28½

Considerable Disagreement As To The Value Of Deductibles

(CONTINUED FROM PAGE 6)

rate. Thus deductibles are of value in keeping cost reasonable only where losses are relatively frequent and tend to be small rather than large. One field in which the deductible has not been used to effect, he said, is in parcel post insurance. It seems ridiculous to have so many claims for very small amounts. Here a deductible as small as $5 would be mutually advantageous for insured and insurer.

The small property deductible aims to eliminate nuisance claims, cut down on adjustment expense, and encourage loss prevention, Mr. Rodda commented. The deductible helps deal with the troublesome policyholder who is looking for ways to recover his premium each year. The man who is satisfied with a deductible may be the one who is not so likely to put in a claim unless it is of real size. Consequently, the deductible probably has some desirable influence with respect to risk selection.

It has been suggested that a $50 or $100 deductible be applied under fire insurance on dwellings, Mr. O'Brien said. This would, in the opinion of some underwriters, eliminate approximately 75% of the number of claims with a correspondingly significant reduction in claim expense. Other underwriters oppose the idea for many reasons.

Without taking sides in the argument, Mr. O'Brien said, there are no over-riding legal principles that would prevent the use of small deductibles on dwellings. However, regulatory authorities might be hard to convince.

The standard fire policy lends itself to the use of a deductible provision, and the insertion of a deductible would not contravene its provisions. Lines 42 and 48 of the policy, with their reference to the "contribution to be made by" the company, support the deductible provision, he pointed out.

Situation Might Differ

In valued policy law states the situation might be different, he said. These laws provide that in case of total loss the policy amount shall be paid in full. At least one department, in approving a catastrophe deductible of $100,000 required a provision in the policy that the deductible is not applicable in event of a total loss—in order to avoid conflict with the state's valued policy law.

Mr. O'Brien believes that rates, rules, and supporting data would have to be filed in connection with a fire deductible though commissioners generally suspended the filing requirements for the catastrophe deductible plans. However, in connection with the latter, approvals were subject to certain conditions. These included that the deductible as to each loss could not be less than $100,000, insured could not insure his retention elsewhere, the plan must relate to special situations where statistical information was not available, and the insurer must keep experience for subsequent evaluation.

On lower deductibles, say $5,000 and up, there has not been a general suspension of filing requirements. However, neither bureaus nor departments have insisted upon detailed statistical support.

The court decision in Massachusetts holding that the optional $100 wind deductible was a deviation from the rating bureau rules should smooth the path in that state, Mr. O'Brien said.

Economic Considerations

The economic considerations involved for the buyer and the insurer probably are more pertinent to the question of deductibles than the technical legal considerations, he said.

Mr. Hawkins expressed hope that some time the production, underwriting, engineering and loss adjusting sectors of the business will get sufficiently close together for each to appreciate the inner workings and problems of the other. Most of the internal disjointure and misunderstandings in

the business are created by the failure of these segments to meet jointly occasionally to discuss common problems.

Mr. Ripley's conclusions necessarily must have been based on the presumption that all the losses he studied which resulted from hurricanes Carol, Edna and Hazel were accurately adjusted and that the loss files truly reflected the actual damages sustained. Most experienced loss men say that this is far from the fact. Under present day conditions, losses by and large represent a gross overpayment of 20% or more. Further, loss men routinely feel that any loss which is concluded within 5% to 10% of the true loss is reasonably well adjusted.

No Help In Hurricanes

The idea that deductibles eliminate small claims is only partially true, Mr. Hawkins said. He divided claims into two categories: (a) Isolated claims such as water escape, freezing, falling objects, etc., and damages which result from low velocity windstorms, whether embracing large territories or not; and (b) claims which arise from a catastrophic occurrence such as hurricanes, tornadoes, or severe hailstorms.

In (a), the $50 or $100 deductible will immediately eliminate practically all small claims. Insured with a few tabs off his asphalt shingle roof and no interior damage likely will not trouble even to report a claim after he realizes the existence of his deductible. Also, deductibles go a long way toward excluding the so-called maintenance type losses. However, outside of this rather limited area, the effectiveness of deductibles diminishes with startling rapidity.

As for (b), Mr. Hawkins and his associate, R. L. Lusk, spent several weeks in Florida after Donna. In fringe areas which the hurricane brushed lightly, such as Tampa, Orlando and some communities around Daytona Beach, early inspections by adjusters of reported losses revealed they were running into "no claims" on 80% to 90% of their inspections. In the Lakeland area and in others sustaining a comparable wind velocity, "no claims" were encountered about 40% of the time. In the Miami area, about 20% of the reported losses appeared to be under the deductible. To say the deductible permitted adjusters to concentrate their time and efforts on more serious losses is not altogether true.

Work Hard To Make It Stick

Insured routinely claim ignorance of a deductible. It is not unusual for an adjuster to spend more time securing a "withdrawal" than is used to adjust a loss of several hundred dollars. There exists a substantial public distaste for deductibles, particularly in the dwelling field, which prompts the inclusion of unwarranted items to build up some sort of a claim in excess of the deductible.

Furthermore, losses originally agreed between the adjuster and insured as being below the deductible have an uncanny way of cropping up the second time. This is particularly true where the original adjuster was from out of town and working in the area temporarily. The local adjuster usually has no alternative but to make a second inspection, since the producer frequently insists upon it.

The value of the deductible decreases proportionately to the increase in the size of the loss. Loss overpayments have reached unconscionable percentages. Consequently, a loss of $500 under a $50 deductible or a loss of $1,000 under a $100 deductible frequently results in the complete obliteration of the deductible. It may be there on paper, but does it exist in fact? If such losses are given much consideration in rate making, it is wishful thinking. To a large extent, this position is sustained by the disappearing deductible now found in the new homeowners series. He believes it more palatable to the insuring public.

The replacement cost coverage has, in some measure, emasculated deductibles, Mr. Hawkins stated. Many producers and adjusters interpret it as meaning the replacement cost of the property instead of replacement cost of the loss. He does not believe replacement cost coverage was meant to change the basic measurement used to establish the loss. It simply eliminates depreciation under varying conditions. Therefore, when the basic measurement is changed, the deductible becomes buried.

On small claims under (a), loss adjustment expense is avoided almost 100%, he said. But that is not true with claims under (b). Adjusters' minimum bills on catastrophe work now range from $15 to $20. The average "no claim" fee is around $17. This charge added to the cost of processing the file through the loss department (disregarding entirely the agents' expense) takes a good bite from even a $100 deductible.

Also, he said, an adjuster's bread and butter comes mainly from smaller losses. The more these are eliminated the greater the charge on the remainder. So, in effect, what is presumed as an escaped service bill on a small loss ends up as a transferred charge to larger losses.

Mr. Hawkins doubts that deductibles encourage loss prevention. After more

than 32 years of firing-line contact with losses, he has yet to observe, or hear a single remark, which would indicate that any insured has ever done a solitary thing by way of maintenance with the deductible as his motivation. Quite to the contrary, he has heard of thousands who have postponed the replacement of an old roof, for example, in the hope a timely windstorm, followed by a benevolent insurer, will materially ease the strain on the outlay for a new roof.

The change in deductible wording has created a problem, he said. Older deductible forms usually stated, "From each loss the sum of $—— will be deducted . . ." This wording, coupled with the pro rata clause, resulted in a deductible policy paying its proportion of the net claim while the full coverage policy paid pro rata on the full loss. This has been the basic principle used in the "temporary agreement-loss deductible clause" for 10 years.

Many deductibles in vogue today use phraseology to the effect that ". . . this company shall be liable only when such loss exceeds $— in any one occurrence and then only for its proportion of such excess." This wording changes the deductible, he believes. This means that any full coverage policy could be assessed the entire deductible because no other insurance exists with which it can pro rate. Consequently, he warned, a company with full coverage policies may be insuring other companies' deductibles.

Ill. Agents Study Direct Billing, Forms

(CONTINUED FROM PAGE 20)

and if direct billing and continuous policies will make him lose contact, "he is actually losing them by default." He repeated the thought that many agents at first felt the five-year installment plan would put them out of touch.

"There is not one iota of service we would have to forfeit with direct billing," he said. "We, in all justice, cannot obstruct progress because in some hypothetical way it endangers us. If the grocery business or any other business can adapt to change, so can the agency system."

Mr. Osenberg said he was opposed to direct billing but not to progress, such as electronic operations. He said he was against direct billing because, "We as insurance agents don't want the companies to deal with our customers on a responsible basis." The agent should be a buffer between the two, he said.

Mr. Osenberg feels that the independent agent is much more than just a salesman—the kind who offers no service, who simply sells, delivers, takes the money and goes away. He said he did not want to put himself on the level of the 3,600 people who work for Allstate, but he said he certainly was not disparaging them.

"We must approach the problem on the level that we want to serve the public," he declared. He is in favor of dealing with the customer personally in all matters. He mentioned paying the premium if someone happened to be out of town or happened to forget it, etc. He feels that a big, impersonal electronic operation might slip up and this, then, still necessitates the checking of all billings by the agent anyhow.

"We're having something imposed upon us by the companies for a problem that is theirs," he declared. Mr. Osenberg also expressed his disappointment that the agency companies' only solution seems to be "in aping Allstate and State Farm."

Perhaps Agent's Fault

In a way, however, the speaker said the present situation is the fault of the agents because they allowed themselves to sell cheaper with less resistance. "We failed to come up with the solution among our own ranks." Also, the current bureau rate is somewhat off because the agents did not furnish the proper information. As to price, he asked the agents to look at their books and answer honestly how many clients they really lost to price alone. His agency has not lost auto business "where it has done a job, and for every customer we have lost to direct writers, we have gained 14."

Mr. Osenberg agreed that in some areas the agents are being overpaid, while in others they are underpaid, but he wondered how agents could be willing to do the job today for a 40% income cut. He suggested using every method the companies offer electronically and otherwise to improve the situation just so none of these interfered in any way with agent's position as a buffer.

It is time for the agents as individuals to stop and think about what they want, he said. "If we don't, we'll have this system elaborated upon and pushed on us and we will be in danger of losing our independence."

Warns Of Too Much Credit

Mr. Mullins added a few words on care and feeding of customers, saying that one of the evils of the insurance business today is the "unnecessary and unwarranted credit given our clients. The companies are losing a lot of money on policies kept for 30 days and then cancelled, for instance."

During the question period from the floor, Herman Bartholomay Jr., Bartholomay & Clarkson, and president Chicago Board of Underwriters, made a statement that he agreed in certain respects with both speakers, but that sooner or later direct billing, continuous policies and the like would be an accomplished fact. Not speaking as president of the Chicago board, he opined that this situation will possibly present dangers in loss of expiration control. He advocated that the Illinois association set up some kind of standards so at all times the agent will know the status of his expirations. To this he pledged the support of the Chicago Board.

Mr. Mullins suggested that perhaps the agents' expirations could be protected with an amended agency contract but pointed out that NAIA counsel feels that the present contract offers adequate control. Mr. Mullins goes along with the NAIA thinking and that the companies are not trying to take over the expirations.

Page Of Life Agents' Book

It was also suggested from the floor that the agents might take a page out of the life agents' book. Theirs is all direct billing, but none of them are losing any customers over it. To this Mr. Osenberg replied that he feels the life agents are "subservient and we don't want to put ourselves in their place. We must retain our independence!

Mr. Mullins concluded on the note that not many people from the floor had given their thinking on the subject, since he knew a lot of the agents were using direct billing and continuous policies very successfully and should express their opinions at the meeting. None did.

Health Insurance Just Starting To Accelerate, Chicago A&H Men Told

Health insurance is just beginning to move, members of Chicago A&H Assn. were told at their October meeting. In his sales talk, W. Harold Petersen, executive vice-president Underwriters National, said statisticians predict that by 1967 health insurance premium volume will exceed that of life insurance. The business has been sluggish, but it is on the move.

It is strange, Mr. Petersen said, that a man may realize he needs one type of coverage but does not see the necessity for complete protection. He may buy homeowners to insure against fire but will do nothing to protect himself when disability strikes.

If he gets caught without liability coverage, he always has recourse to bankruptcy and can at least get a clean start. However, without disability income protection, he may be wiped out.

Rather than buy a $50,000 life policy with a waiver of premium, insured would be better off by purchasing $50,000 of protection with half ordinary and half term and putting the money he saved into disability, Mr. Petersen declared.

He cited men recently graduated from college as making a good market for disability coverage. For only $7 a month, they can obtain a non-can, accident only policy, which will provide an income to age 65 and $1,000 medical payments. This is a good starter, and eventually the agent can move this client to a policy which will dovetail into his retirement benefits.

NAII Annual Offers Steady Series Of Talks, Panels, Comment

(CONTINUED FROM PAGE 7)

ver, who heads the Senate subcommittee on antitrust and monopoly. Two years ago NAII had a sour experience with a U.S. Senator when Joseph O'Mahoney of Wyoming, who headed up the insurance investigation of Sen. Kefauver's subcommittee, was billed as a main attraction and flopped by talking in generalizations about the menace of communism. Sen. Kefauver was more to the point, however, and his comments are reported separately.

This was a good meeting, with a big crowd. Quite a number of headquarters rooms were to be found in the Chase Hotel, with the reinsurance companies and intermediaries out in force. NAII has more than 400 company members, making its convention a prime opportunity for reinsurance and suchlike transactions to be discussed.

C. Lawrence Leggett, Missouri superintendent, who ranks high in popularity among commissioners, gave the address of welcome. E. B. Rust, president State Farm Mutual Auto, responded, remarking that NAII likes to meet in Missouri because the state has a casualty rate law that is in the spirit of NAII thinking.

The first general session included the report of the outgoing president, C. W. Leftwich of Nationwide Mutual, and the general manager, Vestal Lemmon. Their remarks were reported last week.

Commissioners should not permit preoccupation with the rumblings in Washington to cause them "to fall into the error of thinking of our regulatory responsibilities simply in terms of getting the federal phantom off our backs," Sam Beery of Colorado, president of NAIC, said in his talk on "State Regulation in Perspective."

Although the states must pay "careful heed" to constructive criticisms of the Senate subcommittee, "we should as in the past demonstrate by word and deed that we are not dependent on their proddings as a primary source of initiative and inspiration," he added.

Mr. Beery commented on three factors which "cause or at least aggravate" any shortcomings in state supervision.

One is the phenomenal upsurge over the past decade in the number and the complexity of responsibilities thrust upon the insurance commissioner from every direction; such things as entry of new enterprises into the insurance business; the birth of new rating and coverage concepts; inflation, expansion, changes in the economy.

A second factor, he said, is the fact that most department budgets have nowhere near kept pace with soaring departmental workloads.

Thirdly is the growing difficulty in attracting and keeping competent staff personnel. This is caused by the lack of funds, by the competition of the industry itself in wooing away good men, and by the fact that many departments cannot offer lasting career opportunities either for staff men or the commissioner himself.

"All these problems add up to the unvarnished truth that many insurance departments must now run 16-cylinder enterprises on 4 cylinders," Mr. Beery observed.

He said two basic approaches suggest themselves: Make additional qualified manpower available to devote to the workload, or cut down on the workload itself or develop more efficient ways to handle it.

Bringing understaffed departments up to reasonable levels is a step in the right direction, but the complete solution of the problem cannot rest solely on hiring more people, he admitted. Many pressures on the departments could be eased if the companies would consider the commissioner's problems when making filings of new policy forms or requests for rate increases.

The first of four social functions included in the registration fee followed the opening session, this being a luncheon at which the members were threatened with a talk on statistics that turned out to be a humorous interlude. That evening there was a banquet for members and guests, and the next day there was another luncheon at which the speaker was Sen. Estes Kefauver. The final planned social event was a reception Wednesday evening.

Two special plaques, not given on a regular basis, were awarded at the banquet to Henry S. Mosher, retiring senior vice-president Allstate, and John Carton, president Wolverine, who was responsible for getting the industry together to work on the uninsured motorist problem. C. W. Leftwich, Nationwide Mutual, outgoing president, was recognized for his services during the year.

The first of the two big panel discussions was on auto accident compensation systems. Prof. Harry Kalven of the University of Chicago acted as moderator. There were three prepared talks and a discussion afterwards, the "discussants" being George Menefee, insurance consultant of Baton Rouge, and Clarence Kenney, senior vice-president Allstate.

Those giving prepared papers, which will be reported separately, were Prof. A. A. Ehrenzweig of the University of California, on "Towards an Auto Accident Compensation Plan;" Prof. Herbert Kuvin of the University of Miami, on "A Critique of Auto Accident Compensation Plans," and Leo Selinger, general manager Civil Service Employees, on "The California Story."

Second Day Speakers

On the second day the opening speaker was Harry A. Pratt of Shatterproof Glass Corp., who showed a movie entitled on "Reducing Windshield Worries." Ben D. Cooke, president Agency Managers of New York, talked on surplus line business, and Paul Jones of the National Safety Council spoke on accident prevention.

A recommendation that there be fewer federal controls over agriculture was advanced by Charles B. Shuman, president American Farm Bureau Federation, in his address. He said the agricultural surplus problem can be overcome when Congress adopts the policy that the market place, not government, should be the determining factor in farm prices. The farm bureau federation has proposed that price supports, when used, be related to a percentage of the average market price of a commodity, Mr. Shuman said. "With less interference from government, the marketing system will be freer to operate effectively and efficiently," he declared.

Participating in the forum on automobile cancellations that was moderated by P. N. Snodgrass, president General Casualty of Madison and a former president of NAII, were Norman Reuter, secretary Emmco; Fenton A. S. Gentry, president Southern Fire & Casualty and new president of NAII; and Robert Rennie, vice-president Nationwide Mutual. Taking part in the discussion which followed were Irving J. Maurer, president Farmers Mutual Auto of Madison; J. J. Mallon, secretary-treasurer Preferred Risk Mutual of Des Moines, and C. V. Wildt, assistant vice-president Retail Credit Co. This panel also is reported separately.

Henn To Retire, Kesselring Will Head Mich. Bureau

O. M. Henn, manager Michigan Inspection Bureau, will retire Jan. 1 and Paul H. Kesselring, assistant manager, will take his place.

Mr. Henn has been with the bureau for 37 years. He began his career in 1912 with Missouri Inspection Bureau. He was St. Joseph manager for three years and later switched to Kansas City before going to Michigan in 1923.

Mr. Kesselring has been with the Michigan bureau since 1931.

Illinois Agents Are Not Being Swayed By Current Events

(CONTINUED FROM PAGE 17)

act in concert through their association to make themselves heard from and to protect their way of economic life.

And from the general attitude, from hospitality suite to speakers' rostrum, this feeling was very much in evidence from beginning to end—not in mass jingoism for the agency system, but in the realistic facing of facts without rending the garments and tearing the hair.

List New Officers

New officers were reported in last week's issue. They include Harry C. Parrish of Paris, who stepped up from the executive vice-presidential spot to succeed Fred O. Waller of Galva, who was named chairman. James S. Woodworth Jr., Robinson, was named executive vice-president, and three officials were reelected: Benjamin A. Jones, Decatur, vice-president farm affairs; H. W. Mullins, Rockford, state national director, and George J. Nicoud, Springfield, executive secretary and manager. Other officials named (possibly the largest list in any association anywhere) are named elsewhere in this issue.

At the Monday morning session, Fred O. Waller of Galva, association president, summed up his activities in office in the heartfelt way in which he conducted his tenure and was able to report concrete progress. Both his manner of presentation and the results he reported received considerable acclaim —at the time and later in "bull session" discussions.

Mr. Waller noted that the association now has 60 local boards (not including a new board being formed in Henry County) and a membership of 1,623. This represents a 16% increase in the past fiscal year and a 33% gain for the past two years. Also, there was a little matter that no one is really concerned about in association activities—a $10,000 surplus. He also commented on the educational activities of the association and its legislative aims, one of the chief aims of the latter being the passage of an agents' licensing bill.

Above all else, Mr. Waller stressed, "the eventual piece of the size of our commission pie will be made in the market place. We are all in the same boat, and, if it leaks, we'll all get wet." He also advanced as a thought for those involved that if the companies continue to cut commissions, the law of diminishing returns will set in.

Returning to the agent affairs, he said an agents' qualification bill is needed for the benefit of the public, but, on the other hand, legislation alone "won't" give us stature. We must earn our place in the sun." The state association should do everything in its power to encourage CPCU and like activities, he stressed.

Mr. Waller advocates formation of committee to restudy the structure of the Illinois association in the light of changing times. Not for the sake of making a change for the sake of change, he made very clear, but because it is needed. "Wishful thinking and griping will not sell our product. You put out and the public will decide."

Among the other reports made was that of the legislative committee, which is putting all of its efforts behind a qualification bill. This passed the Illinois senate last year but went down in the house. Full compliance has been reached with the Illinois life agents' association, as well as that of the brokers and mutual agents associations.

Lack Of Agent Response

Joseph F. Prola, Springfield, chairman of the legislative committee, said that a contributing factor to the bill's failure in the house was lack of response by the agents, who failed to reply to an association questionnaire as to their contacts with members of the house. Another questionnaire is going forward this year.

At the Monday luncheon, Kenneth McFarland, educational consultant and guest lecturer General Motors, in his usual fashion, completely captivated his audience with an inspirational talk. He pointed out that for the first time in 30 years the American economy is now operating by the rules of supply and demand and that the only lesson for insurance salesman or any other salesmen is to remember all of the "elements of prosperity" are at hand and it takes confidence to keep them that way. Their job is to sell confidence in the fact that "the rule book of free enterprise is working again."

Another thought he drove home is that salesmen must realize that people want the results of successful living but are not willing to live successfully —that these results are not to be possessed for long without the sacrifices necessary: such as a sense of financial responsibility, paying insurance premiums, and other ways of looking toward the future. The insurance salesmans' job is to change this attitude into a well rounded responsible financial picture, he said.

Wittig Given Plaque

Also at the luncheon, a Peoria agent, recently retired and only 100 years old was recognized. William A. Wittig was presented with a plaque by Allan I. Wolff, president Associated Agencies, Chicago, and Terry D. Burns, president of the Peoria association.

Monday night, the G. A. Mavon agency of Chicago came up with another sensational party for everyone attending the convention. Under Phil Mavon, president, the agency has each year for some time sponsored a program guaranteed to keep the agents off the streets (even if they were out looking for business). This is not its purpose, but it always works out that way. This year it was a "Western Roundup Party" where everyone was provided with red bandanas, hats, music and some really choice cold-boiled ham and Swiss cheese.

At the closing of the formal program Tuesday afternoon of an annual meeting that featured door prizes at every session which were good enough to make a man strike his papa down, the Don R. Jensen agency of Chicago came up with a portable TV set for the lucky guesser of how many coins were in a large glass containing about 15 pounds of coins. (Second place winner carried off the hard money, glass and all.)

At the banquet there were no speeches and an apparently standard floor show on the theme of an old riverboat night of entertainment, until about 10 of the top (male) members of the association flipped out on the stage next to the riverboat girl dancers and, variously garbed as seductively clad females, performed a burlesque dance which will remain in the minds of those attending the meeting as long as the association meets. (Some of the "girls" were pretty winded at the end of their routine, by the way.)

The overwhelming successful convention came off, of course, without any help at all from James H. Hawk, Peoria, general chairman, and his wife, who was responsible for a ladies' program, which drew eulogistic comment all hands around, officially and unofficially.

Textile Field Changes

J. B. Gibson has been named state agent for North Carolina and Virginia by Textile of High Point, N. C. He has been special agent of the company, covering the eastern half of North Carolina. Before that he was a payroll auditor for Textile.

Joseph Teague, who was transferred from casualty underwriting to production earlier this year, will continue as special agent under Mr. Gibson, and will cover western North Carolina and part of Virginia.

NAII Panel Studies Causes Of Cancellations

(CONTINUED FROM PAGE 1)

prepared papers were discussed by Irving J. Maurer, president Farmers Mutual Auto of Madison; J. J. Mallon, secretary-treasurer Preferred Risk Mutual of Des Moines, and C. V. Wildt, assistant vice-president Retail Credit.

The panel, agreeing that companies do not and cannot afford to cancel capriciously, concluded that one of the paramount issues is obtaining a rate to carry substandard (assigned risk) business. If any discretion is to be left the underwriter on the company's book of auto business, he must have the power of discretion to choose the good from the bad. But once identifying the bad, the panelists pointed out that the problem is he can't do much about it. The assigned risk portfolio is a loser, and compulsory tends to compound the problem. The need, it was stated, is for an adequate rate for substandard business and the chance to use a rating plan that will cause the classes of business to reflect their experience in the price they pay.

Much Higher Loss Ratio

One needs only to look at the experience of assigned risk plans with regard to so-called "clean risks" to learn that this class, which is not acceptable to any underwriter on a voluntary basis, produces a loss ratio much higher than the over-all mass of business, Mr. Reuter said in his prepared paper. Assigned risk experience offers substantial vindication of the judgment of underwriters.

The matter of cancelling either because of accident frequency or unfavorable information brought to light as a result of a loss adjustment following an accident is a major problem, Mr. Reuter said. Underwriters generally agree that cancellation following a loss is brought about only because the circumstances indicate future likelihood of losses greater than the loss expectancy of the average risk. Some companies have followed the policy of cancelling following any loss indicating negligence on the part of the insured, and sometimes cancellation has occurred even when no negligence was indicated on the theory that statistics show the possibility of a second accident is greater than that of the first. "I'm sure that this theory of underwriting is completely discredited today," he declared.

Clean House Later

Over a long period of years, a number of companies have engaged in the indiscriminate acceptance of business in order to get volume, and later have cleaned house by wholesale cancellations and non-renewals, Mr. Reuter said. Calculated losses have been taken as a matter of investment in the growth of the company by this means, and he said the practice was common not only to direct producers but was used "periodically and methodically" by some of the old line agency companies.

Mass cancellations have been practiced in the finance field "to the point that now finance companies watch very carefully that not too much business is placed in any one carrier without obtaining an agreement that there will be no mass cancellation but that if the experience develops unfavorably, only those risks which have already produced losses will be cancelled. There is no protection against non-renewal of short term policies. . ."

Mr. Reuter said that probably the biggest complaint from the public is the unwillingness of many companies to accept class 2 business "in the light of continued proof that the premium income from this class of business does not carry the losses incurred."

Every underwriter daily faces the fact that each cancellation and every refusal to issue a policy is a public relations problem. It is a slap in the face to any person, Mr. Reuter observed, to find that his business is not wanted. "Any of the reasons for failing to meet the standards of an average risk within any given classification, which are perfectly sound from the standpoint of the science of insurance, are completely incomprehensible to most customers."

When the legislature enters the picture by way of compulsory insurance, the problems become more acute. Mr. Reuter described the conditions under the Massachusetts law, where cancellation is virtually impossible, and under the New York law, where an inadequate rate level has forced an astonishing amount of business into the assigned risk plan, and even so, the losses under AR "raise serious question of confiscation of company assets without due process of law. Limitation of the ability to accept and reject business in accordance with sound principles will be but another step towards socialization of insurance."

Informed Public Is Key

Mr. Reuter said the key to the problem is to get across to the public in general the idea that interference with the free application of basic underwriting principles is not in the public interest. He said there may be a variety of opinions about the so-called non-cancellable policy of one of the NAII members, but he asked if the company hasn't done the rest of the business a good turn from a public relations standpoint. "Wouldn't we all be better off if we gave a little for the sake of the more important principles?" he asked. "We could avoid mass mid-term cancellations and non-renewals and still have substantial control over our business without offending the public opinion. I am afraid if we don't give a little now, we may be forced later on to give up more than we would have needed to at this time."

The theme of F. A. S. Gentry of Southern Fire & Casualty was that the market place will solve most of the problems of auto insurance if the business is not over-regulated and over-legislated. Mr. Gentry quoted from recent talks given by C. W. Leftwich of Nationwide Mutual at a hearing in New York on auto cancellations; by Franklin J. Marryott of Liberty Mutual and Joseph S. Gerber, Illinois director, at the Symposium on Insurance & Government at the University of Wisconsin, and by Sen. Estes Kefauver at the NAII luncheon.

All of these quotations supported the Gentry argument that competition between companies is an adequate safeguard against excessive rates and that more attention should be paid to this aspect of the auto problem.

Auto insurance is a private business undertaking that over the long run must be operated at a profit, he said. The primary cause of bad experience is inadequate rates. If the companies cannot get the rate they need, other means have to be tried to control the loss ratio—this being the area in which cancellations or market restrictions enter the picture and cause distress.

Mr. Gentry said a rate is needed for assigned risks that won't continue to reduce deficits. If so much money were not lost on the assigned risk side of auto insurance, he declared, the companies would be more willing to take on a wider range of insured.

Mr. Rennie urged a three-way attack on the assigned risk problem. (Details of his talk are reported on page 26.) He suggested stronger driver licensing laws and better enforcement of them; permission in all states for comianies to use flexible rating plans, and a new way of handling assigned risks.

A summarization of the problem was advanced by J. J. Mallon, Preferred Risk Mutual, who said it consists of pressure of a top ceiling on rates combined with a lack of flexibility to the companies. In New York state, where there is compulsory, 10% of the drivers are in the assigned risk plan, but in California, where there are more drivers, with many of the same problems, only 3% are AR risks. The freedom of action under the California rating laws is largely the anwser to this, he said.

Mr. Mallon asked the panel if New York would permit a 20% rate increase and allow flexible rating plans what they thought would happen to the assigned risk plan, and all three members agreed that the effect would be beneficial.

Mr. Reuter said by natural economics the plan would be depopulated, because Mr. Mallon's suggestion provides the basic answer. Mr. Gentry agreed there would be a substantial reduction in the number of AR insured.

Mr. Rennie, however, remarked that the magnitude of the problem is sometimes underestimated. It is the rate of growth in the AR plans which is significant and serious, he said. There is involved the social problem of how much differential the public will allow in a rating system, how much surcharge can be applied before a legis-

lative reaction sets in. He said the companies have to communicate to the people what equity means in terms of rate differential.

Mr. Snodgrass agreed that selling the insurance story and needs of the companies is a paramount problem.

But there is value in "price discipline," Messrs. Gentry and Maurer agreed. The differences in rate called for in class plans and the surcharges applied under some assigned risk plans are a means of causing the public to recognize the connection between the driving record and the rate.

Scott McIntyre of United Fire & Casualty of Des Moines asked the panel, in view of a suggestion in one of the tradepapers that the companies are afraid to take their problems to the courts, why are not more court battles fought. It was the consensus that the judicial appeal route is a lengthy one, and that winning frequently comes too late to be of any assistance. In the meantime, the companies have to continue to deal with a department that may be unhappy at being sued. Companies could be in a position of meeting themselves on the way out.

Says Compulsory In N. C. Has Been Flop

(CONTINUED FROM PAGE 1)

24% of traffic fatalities. A child cannot collect from a negligent parent, as this is contrary to public policy in North Carolina and most other states.

Compulsory Failures

Another claim of compulsory proponents is that this law alleviates the social ills caused by the accidents, Mr. Webb observed. On this point, the North Carolina act calls for only 5/10/5 coverage. Thus, $5,000 is the most that can be collected by the father of a family, and more frequently this figure is reduced some 40% by legal expense. The claims for compulsory are redicu-lous, particularly when individuals can purchase $10,000 accidental death benefit coverage for $4 premium, or uninsured motorist protection in Tennessee for $9. Compulsory has already raised insurance rates more than this without improving the coverage.

The next claim is that compulsory would remove from the highway the financially irresponsible driver and thus promote highway safety. The reverse has been true in North Carolina which has an FR law almost identical with that in Tennessee. Compulsory in North Carolina has nullified the intent and purpose of this law as effectively as outright repeal by the legislature. The courts have time and time again tended to put the irresponsible motorist back on the highway to continue his maiming and killing when he should have been denied a license.

With regard to enforcement in North Carolina, Mr. Webb noted that the state has one of the best commissioners of motor vehicles in the country and a fine highway patrol. In North Carolina, 84,696 license plate revocation orders were issued (3,529 per month) in the first two years of compulsory. To look for all these people took a lot of time —the equivalent of 50 highway patrolmen full time, or one out of twelve. Disregarding the cost of highway patrolmen, the administration of this law costs the department of motor vehicles about $180,000 a year.

Other Detail Burdens

Other administrative details have bogged down the efficient motor vehicle department. With some 1,656,893 registered vehicles, the financial security section received 852,631 cancellation notices, or an average of 35,526 per month. They issued 466,851 (or 19,452 per month) FS-5S—notice for insured to file proof of insurance or surrender his plates.

All of this still does not mean that North Carolina is 100% insured. Commissioner Gold's opinion is that only 95% of motorists are insured and this does not include the many out-of-state cars. In contrast, in Tennessee, Captain Brown of the financial responsibility division took a recent survey of some 700 of those who had to show financial responsibility and found that 622 or 89% were adequately insured. This is remarkable to Mr. Webb since the FR law became effective only 15 months ago in Tennessee. This fact alone should indicate the value of a good, well administered FR act.

Automobile liability insurance has become a "dirty word" in North Carolina, Mr. Webb declared. When he reads about all of the safe driver plans, the merit rating plans, the point plans in other states, he is sick, for he cannot offer any such plan to his insured. The plans are not available in the other compulsory states of Massachusetts and New York. In the first two compulsory years in North Carolina, 4,082,393 FS-1s or certificates of coverage were issued. Insurers issue them and the department of motor vehicles tries to match them up.

Public Relations Affected

Mr. Webb has read with interest the recent agency cost survey in Tennessee and the effect on the income of agents of reductions in commission. North Carolina had those same reductions and more, and has had the additional administrative cost of compulsory. At last reports, there were 189,000 in the assigned risk pool, or 11% of the total registration of 1,656,000 vehicles. In Tennessee, with 1,176,013 registered vehicles, there are 23,804 risks in the pool or about 2%.

Much has been said in the past about the political pressure that has been imposed on rate making authorities, Mr. Webb noted. In North Carolina, a rate filing immediately brings a rash of newspaper editorials. These editorials are generally in the same vein—that insurance companies are trying to rob the people. This, of course, brings discredit upon everyone in the business, not only with regard to automobile but in all lines. For the first time in his memory the automobile insurers are appealing to the courts for rate relief. This is an old story in Massachusetts and he never thought that it could happen in North Carolina.

Plans Proposed

Other political repercussions have also been felt. During the last legislature a large part of the resources of the North Carolina association was utilized in an effort to defeat a bill prohibiting cancellation of automobile policies. Already, the philosophy of compulsory has produced several problems for the next legislature. A security fund to be financed by a tax on all automobile premiums has been proposed. A suggestion has been made that a separate company be established or designated to handle all assigned risk business, with reinsurance or losses divided among all companies.

There can be only one result if this philosophy is permitted to obtain, Mr. Webb believes. North Carolina will end up with a state fund, and the business will no longer operate under a free enterprise system. Another possibility is a compensation system regulated by the state, Mr. Webb concluded.

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Montana Board of Hail Insurance reports a state record of $8,174,038 of hail insurance written for 2,843 farmers.

Agenda Given For NAIC N. Y. C. Meet

(CONTINUED FROM PAGE 1)

problems in connection with installment sales and loans subcommittee report; credit life and credit A&H Model bill legislation subcommittee report.

10:30-12: First plenary session, Beery of Colorado presiding.

2:30-3:30 p.m.: Non-profit hospital and medical service associations committee, Smith of Pennsylvania—Problems of reimbursement formula between hospitals and service associations subcommittee report; subcommittee to study greater standardization of Blue Cross-Blue Shield regulations report; uniform individual A&S policy law-other insurance provision and overlapping benefits; standardization of benefits between states (Mississippi).

2:30-3:30: Rates and rating organizations committee, McConnell of California—subcommittee to review fire and casualty rating laws and regulations report; subcommittee to study safe driving or merit rating plans and insure the driver plans report; insurance expense exhibit—workmen's compensation insurance (National Council on Compensation Insurance).

3:30-4:30: Blanks committee, Howell of New Jersey—New form of statement for hospital, medical and dental service or indemnity corporations.

3:30-4:30: Laws and legislation committee, Gerber of Illinois—Organization, ownership and certification of insurance laws subcommittee report; subcommittee to study and review state insurance laws report; compilation of NAIC model bills as a legislative guide or aid (executive committee).

Wednesday, November 30

9-10:15 a.m.: Accident and health committee, Cravey of Georgia—Regulation of advertising subcommittee report; subcommittee to study rentals paid at terminals by insurance companies report; elimination of speculation in multiple hospital coverage (Georgia); definition of guaranteed renewable (Wisconsin).

9-10:15: Unauthorized insurance committee, Magnusson of Minnesota—Model non-admitted insurance act (third revision).

10:30-12: Federal liaison committee, McConnell of California—Report on conference with U. S. Secretary of Defense; report on conference with Federal Trade Commission; report on conference with U. S. Department of Health, Education and Welfare.

1:30-2:45 p.m.: Fire, marine, casualty and surety committee, Mahoney of Maine—Workmen's compensation small policy economies subcommittee report; automobile mechanical breakdown insurance; sonic boom—need for clarification (report of meeting 10/12/60); the catastrophe factor contained in the rating formula for extended coverage and the treating of losses resulting from such catastrophe, and a definition of catastrophe (Louisiana).

1:30-2:45: Preservation of state regulation committee, Knowlton of New Hampshire, and federal liaison committee, joint meeting—review of status of Senate investigation; consideration of future activities.

2:45-3:45: Zone 6 meeting, Sullivan of Washington

2:45-4:45: Valuation of securities committee, Thacher of New York—Valuation of securities subcommittee report.

Thursday, December 1

9-10:15 a.m.: Executive committee, Hayes of Louisiana—Report of special meeting 10/10/60; subcommittee to study future sites for NAIC meetings report; subcommittee to study operations and financing of executive secretary's office report; subcommittee to study the advisability of a nominating committee for nominating candidates for NAIC offices report; subcommittee to study the Pansing and Binning memorandum report; blanks committee report; preservation of state regulation committee report; executive secretary's report.

2:30-4:30 p.m.: Second plenary session, Beery of Colorado presiding.

Friday, December 2

9:30-11:30 a.m.: Third plenary session, Beery of Colorado presiding.

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Metropolitan Of Chicago Changes Name To Highway

Metropolitan of Chicago, which was incorporated as Highway Casualty in 1950 and changed its name to Metropolitan in 1958 has resumed the name Highway, and henceforth will be known as Highway Ins. Co. Metropolitan Life brought suit against Metropolitan, charging there was a confusion of names and won that point in the Chicago courts.

John Fahrenbach is president of Highway and its affiliated Marquette Casualty of New Orleans.

Can't Use Ohio WC Fund To Pay Expenses, State High Court Holds

Ohio supreme court in an unanimous opinion has upheld a lower court ruling that declared an attempt by a legislature to use $3 million from the workmen's compensation fund to pay administrative costs was invalid.

The legislature had appropriated 33% of the $9 million administration cost of the state bureau of workmen's compensation and industrial commission from the insurance fund. The supreme court said "no part of the state insurance fund may be used for administrative costs. . ."

Corrugated Container Co. brought suit to prevent diversion of insurance fund monies. Employers are assessed four cents per $100 of payroll for 66% of the cost of administering the bureau and the commission, and the state has been paying the remaining 33% from the general revenue funds. This time the legislature provided for the insurance fund to reimburse the state for its one-third of the cost, and the industrial commission agreed, by resolution, to do so about a year ago.

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R. I. Agents Elect Rathbun President

Herbert W. Rathbun Jr., president of the C. A. Watson agency, Westerly, was elected president of Rhode Island Assn. of Insurance Agents at its annual meeting in Providence. Elwin T. Gammons, Providence, the out-going president, was elected state national director, to succeed Frank J. Lowery of Pawtucket. Edward H. Quillan, of the E. L. Watson agency, and James Goldsmith of Kagan & Shawcross, both of Providence, were named vice-presidents. George .C Hughes was reelected secretary-treasurer.

H. W. Rathbun Jr.

Regional vice-presidents elected were Alfred N. Nunes, Bristol county, Walter L. Cronin, Kent, Roger P. Braman, Newport, Leo A. Warburton, Providence, and Francis C. Lathrop, Washington. Margaret Wall was elected to represent the Bristol County board, the first woman named to the state board of directors.

Discussing how to be a better agent, Roy A. Duffus of Rochester, N. Y., suggested agents should work rather than bemoan their problems. He hopes the business never becomes so simple that "any dumb cluck can get into it." Though complimenting company men for generously speaking at agents' meetings and flippantly suggesting that agents might be invited to speak at company meetings, Mr. Duffus emphasized that agents need the companies and vice versa. It is essential, he said, that agents work to reduce expenses. He disapproved of agents delivering renewals personally as this only wastes valuable time. Mailed renewals allow the client time to consider the matter, he asserted, and allow the agent time to solicit new business.

In his presidential report, Mr. Gammons noted that the Rhode Island association has 342 member agencies, which ranks it among the first 10.

The 1959 homeowners policy was introduced in the state last February with what Mr. Gammons described as the usual confusion and embarassment due to the fact that agents have been unable to penetrate the "iron curtain" surrounding the release of proposed changes. However, some progress has been made, he said. Commissioner Roberts has assured agents he will help try to work out an arrangement whereby the buisness will be informed in advance of any public announcement of changes.

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Reports On Bill

Mr. Gammons reported that during the 1960 legislative session a bill was passed requiring the state to carry insurance on motor vehicles owned by the state and operated by state employes. This business is placed through the Rhode Island association.

The association has urged the companies to introduce the safe driver plan in the state. A bill was passed by the state assembly which would reduce the charge for the state registry providing copies of the information from $1.50 to 50 cents if and when the safe driver plan is introduced and approved.

Mr. Gammons reported that Commissioner Roberts has indicated that in his opinion agents should receive renumeration for servicing workmen's compensation assigned risks and has promised to investigate the matter further.

Winser Out, Warren In At International Aviation Underwriters

Apparently as the result of insolvable internal conflict, C. Anthony Winser has resigned as president of International Aviation Underwriters and James P. Warren Jr. has been named his successor. William W. Brown, noting in a letter to Mr. Winser that he is in "complete accord" with his views, has resigned as vice-president.

C. Anthony Winser

J. P. Warren

In a letter to the principal stockholder of IAU, Ralph H. Shaw Jr., and forwarded to the various companies forming the pool, Mr. Winser terms the situation "intolerable" and tenders his resignation.

Mr. Shaw, in his letter, states that Mr. Warren becomes president as of Nov. 1 and notes that the latter has been senior vice-president and chief underwriter of American Mercury and prior to that senior underwriter and home office department manager for U.S. Insurance Underwriters.

Mr. Shaw also notes that "New Zealand, which has the smallest domestic participation" in the pool, desires to withdraw as of June 30, 1961. Mr. Winser, however, points out that New Zealand's agents are "responsible for approximately 25% of IAU's total production."

Bid Prices Of 175 Insurance Stocks

(CONTINUED FROM PAGE 4)

Company	12-31-59	6-30-60	11-3-60
Natl. Security Life, Ind.	4½	3¼	3¼*
Natl. Western Life	6	6¾	6¾
Natl. Security, Ala.	6¼	4¾	5⅝
Nebr. Natl. Life	1½	3¾	3⅞
No. Am. Life & Cas.	120	130	130
North Central Co.	......	......	7½
Occidental Life, N. C.	7¼	4¾	4¾
Oil Industries Life ..	18	15	12
Old National, Tex.	6½	9¼	8
Oxford Life	1⅛	⅞	⅝
Pacific Mutual Life	11½	11	12
Pacific National Life	18	18¾	16¾
Peninsular Life	6	3¾	3¼
Peoples Life, D. C.	40	35½	30½
Pioneer Life & Cas., Ala.	6¾	7	5½
Preferred Ins., Mich.	13½	14½	12¼
Reserve Ins., Ill.	......	......	11
Postal Life	17½	15	16¼
Protective Life	52	44	43
Provident Life, N. D.	75	77	77
Quaker City Ins.	10¾	11	10½
Pyramid Life, N. C.	4¼	4	3¾
Rockford Life	30	33	33
Seaboard Life	7¼	6	4
Reliance Life, Tex. ..	1½	2¼	2
State Life, Ill.	6	5½	6
State F. & C., Fla.	1¼	1⅝	1½
S. W. Indem. & Life	4	3⅜	3⅝
Security Life & Acc.	51	42	42
Southern Union Life	½	½	¼
Security Life & Trust	59	45½	49
South. Natl. Life, Tex.	4	4	4¾
Security Life, Ga.	13	10	10
Service Life, Tex.	18	13	8½
South Coast Life	4⅛	3¼	3½
Stonewall, Ala.	43	43	43
South. F. & C., Tenn.	4⅛	4½	5¼
S. W. Am. Life	2⅜	1½	1¾
Standard Security Life	7½	7⅛	6⅞
Southern States Life	9	9	9¾
Standard Union Life	3¼	3½	2½
Truck Und. Assn.	30	28	28½
Union Trust Life, Wis.	7	6½	5½
United Fdrs. L. Okla.	90c	85c	90c
United Services Life	49	46	53
Supreme Lib. Life	27½	28	27½
University Natl. Life	2⅝	2⅝	2¾
Union Trust Life, Wis.	7	5¼	5½
Volunteer State Life	55	56	53
United Bankers Life	10	7	7
United Federal Life	......	......	2
United Fidelity Life	70	70	70
United Fire, N. Y.	39	40	46½
Univ. Guar. Life, La.	3	3	3¼
Victory Life	90	80	85
Vulcan Life & Acc.	20½	16	15½
West. States Life, N. D.	12½	13	14

*Offering price.

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Allstate has applied for a 15% deviation on fire and allied lines on commercial classes in North Carolina, A hearing on the filing has been set for Dec. 13.

New official family of Nebraska Assn. of Insurance Agents poses after conclusion of convention at Omaha. From left are Richard C. Allgood, executive secretary; Don F. Newville, Lincoln, 2nd vice-president; Kenneth F. Schenck; Omaha, president; Jesse Benson, Wymore, 1st vice-president; Robert C. Crowl, Omaha, secretary-treasurer; and Daniel Loring, Omaha, state national director. Steering wheel Mr. Allgood clutches is Big Wheel award presented to him for steering association to new successes.

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